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ABSTRACT

This report reviews the second-year implementation of the New York City public school system's Performance Driven Budget (PDB) initiative. The Galaxy budgeting system that is part of the PDB initiative generates a school's budget from its table of organization, and then derives district and Central budgets by aggregating all school budgets. After 2 years of implementing PDB in New York City, the outline of a radically different budgeting and instructional improvement system may be emerging. While the first year's evaluation focused on the conditions for implementation, the second year evaluation documents and analyzes the effectiveness of PDB design and implementation at Central, district, and school levels. Information from a number of data sources indicates that the central office and districts and schools have begun to create the school-driven, instructionally focused budgeting system that the PDB planners envisioned. There is some evidence that the changes have begun to have some effect in PDB district and schools. The findings of the second year evaluation are based on the assumption that changes in seven areas of policy and practice must occur in order for the successful implementation of PDB: movement of authority in budgeting, personnel and instructional planning to the school level; restructuring of resource allocation to support instructional planning and budgeting; improvement in the provision of demographic and outcome data to schools; development of the capacity to support school-level planning and budgeting; creation of more participatory decision-making structures at the school level; establishment of effective accountability in PDB districts; commitment to a system-wide culture that supports school decision-making and improvement. Three appendixes provide supplemental information about PDB. (Contains 21 charts and 25 tables.) (SLD)

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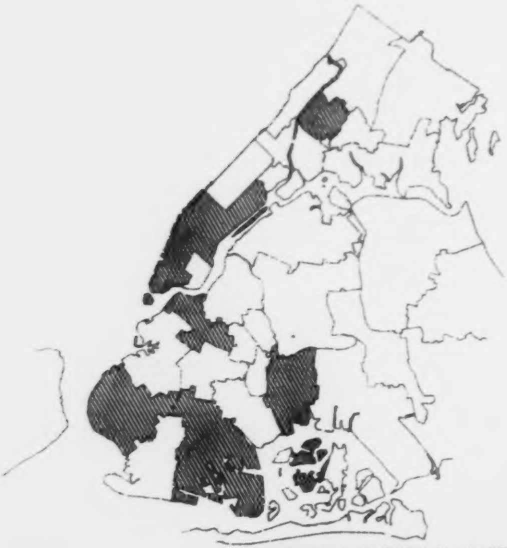
INSTITUTE FOR
Education and Social Policy
School of Education
New York University

Second Annual Report:
Evaluation of the Performance Driven Budgeting Initiative of the New York City Board of Education

(September 1998 – August 1999)

May, 2000

Dorothy Siegel
Erica Zurer
Norm Fruchter



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The Central, district and school personnel we interviewed, observed and surveyed are too numerous to thank individually. We are indebted to all of them and deeply appreciate the time they took from their very busy schedules to assist us. We are also grateful for the time many school level personnel spent with us to help us understand their realities. We have listed the Central and district staff we interviewed in an appendix. However, to preserve their school's anonymity, we do not list the names of school personnel.

At the Institute, many thanks are due to a cadre of committed staff members: Jay Leslie, the project's information coordinator; Julie Ting, research assistant; and Stephanie Twin, field researcher. We're grateful for the assistance and support of Patrice Iatarola, Dana Lockwood, Deinya Phenix and Geraldine Pompey.

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EXECUTIVE SUMMARY

INTRODUCTION

Across the country, school-based planning for instructional improvement has been a major education reform focus for more than two decades. Initially, various school-based management efforts proposed to put schools in charge of some of their own operations. But this resulted in the delivery of increased discretion rather than real autonomy; most school-based management schools received only a modicum of power over issues marginal to budgeting and school improvement.

In the past decade, districts across the country began experiments in school-based budgeting. As the research of the Cross City Campaign for Urban School Reform suggests, these districts developed a variety of schemes to decentralize budgeting. Again, what resulted was increased discretion over mostly marginal expenditures.

Only New York City's new budgeting system reverses the traditional top-down budgeting flow endemic to most school systems. The Galaxy budgeting system, begun as part of the Performance Driven Budgeting (PDB) initiative of the New York City public school system, generates a school's budget from its table of organization, and then derives district and Central budgets by aggregating all school budgets.

After two years of implementing Performance Driven Budgeting in New York City, the outline of a radically different budgeting and instructional improvement system may be emerging. With the development and implementation of the Galaxy system in five pilot (Phase I) districts and almost 200 schools, school-level instructional decisions have the potential to drive school, district and Central budgets.

As Galaxy implementation moves from Phase I districts and schools to other districts and schools throughout the City, Central has begun to restructure the organization and functioning of its major fiscal systems. But successful implementation of PDB across all the City's schools is by no means assured. The potential to derail both Galaxy and PDB is real. Passive acceptance, mechanical compliance, bureaucratic evasion, resistance to revising set procedures, as well as rooted opposition to change and other inertial forces could stall Galaxy, neutralize the gains made in restructuring Central's fiscal systems, and halt PDB implementation. Indeed, continuing and major difficulties integrating Galaxy with other Board of Education fiscal systems indicate that the path to fundamental restructuring is quite complex – and thorny.

Our *First Annual Report: Evaluation of the Performance Driven Budgeting Initiative* covered the period from PDB's inception in February 1997 through August 1998. That report focused on the development of PDB; what PDB would look like if it were operating successfully; and the changes in policies and practices needed for implementation to be successful. We also examined how and to what extent Central and the Phase I districts were generating the conditions necessary for successful PDB implementation.

Our first year study, found that Central's changes seemed to reflect what schools require to make effective instructional decisions and to configure their budgets to support those decisions, as well as some understanding of how Central-level administrative and operational structures must be transformed. These changes suggested a shift from traditional forms of hierarchically mandated allocations, procedures and operations to a more flexible, user-friendly, response-driven support and provision system.

We also noted several concerns that emerged as the PDB initiative unfolded:

1. The centrality of planning as the mode of school improvement may be over-emphasized in this initiative, and the relationship of planning to the capacity building that poorly performing schools require may be underemphasized. The CEP/DCEP system depends on school capacity to plan effectively for instructional improvement; Central needs to concentrate more effort on ensuring that poorly performing schools and districts have the capacity to support effective instructional planning processes.
2. Alignment of the City's assessments with the New Standards content and performance standards is critical to effective school-based instructional planning.
3. It is unclear what the implications of systemwide high school reform efforts hold for PDB implementation in the high schools.
4. It is unclear how far below top command levels Central's commitment to its new role as a support structure extends. The ability to hire and assign staff, for example, although identified as a critical ingredient of effective school-based instructional planning, did not appear to have been appreciably improved. Progress in advancing the ability of schools to merge funding streams, particularly PCEN allocations in non-Title I schools, has remained slow.
5. Once Central's School Leadership Team policy was established, the need for several forms of training to help teams successfully fulfill their responsibilities became apparent: 1) training on what teams need to know to help them function effectively; 2) training on how to do instructional planning; and 3) training on budgeting and finance issues. Would this training be made available?

6. The effectiveness of PDB depends on the delivery of useful data to districts and schools in a timely manner.
7. Several concerns relate to scaling up the PDB initiative to non-Phase I districts:
   - How can districts strengthen their efforts to build the capacity of school-level planning teams?
   - How can Central help districts develop and build their capacity to help schools learn to budget and plan instructionally?
   - How can Central help districts develop their capacity to provide the training and support that effective school teams require?
   - How can districts and Central insure that school teams get the necessary time to carry out their planning and budgeting responsibilities?
8. Our overarching concern was whether Central would maintain the sustained focus necessary to transform a traditional command-driven bureaucracy into a flexible system that supports decision-making authority and continuous improvement of teaching and learning at the school level.

Our second year evaluation probed those concerns by documenting and analyzing the effectiveness of PDB design and implementation at the Central, district and school levels.

PDB IMPLEMENTATION AT THE CENTRAL LEVEL

Finance

The Core Group is developing Galaxy 2000, a computerized school-based budgeting system in which school-level decisions drive district and Central budgets. Galaxy development and implementation are proceeding in tandem, with implementation being guided by the Core Group and by the Galaxy Steering Committee, a group of Central financial and information system managers convened by the Chief Financial Officer.

School-level implementation began in June 1999, when the Phase I districts created district-defined allocations for their schools' budgets. Schools entered their budgets into the Galaxy system, using a preliminary Galaxy version called the "sketchpad." Future development plans include integrating numerous school planning functions into Galaxy, such as an automated CEP development tool that accesses relevant school and student-level data.

Among the key fiscal actions Central took during this second year of PDB implementation were: the devolution of substantial responsibility for their own fiscal affairs to one-third of the districts; development of innovative funding mechanisms to provide districts with the ability to budget all their funds at the beginning of the school year; expansion of the Budget Request school budgeting process to two-thirds of the City's schools; provision of significant new discretionary tax levy dollars to the districts; and increased flexibility of several categorical tax levy funding sources.

Additionally, Central issued its initial allocation to the districts on June 1, 1999, more than two months before the state and city budgets were passed. Thus, the PDB Phase I districts were able to make initial allocations to their schools by mid-June, and these schools were able to create budgets by late June.

School Leadership Team Policy

In November 1998, Central initiated a three-year phase-in of a School Leadership Team (SLT) plan designed to lodge authority for instructional planning and budgeting with a team at the school level. The planning teams, composed of a balance of parents and school staff, are responsible for developing the school's instructional improvement plan (the comprehensive educational plan, or CEP) and budgeting its entire fiscal allocation. Districts are responsible for establishing district guidelines and overseeing implementation of SLT plans in their schools.

The three-year phase-in required all schools to have a functioning planning team in place by the fall of 1999. Teams must develop CEPs by the end of the 1999-2000 school year, and CEPs and budgets by the end of the 2000-01 school year.

Capacity Building

Central sought to refine the planning and budgeting processes that comprise PDB. The two deputy chancellors convened the Phase I superintendents to develop a comprehensive planning calendar and to examine the CEP and the district comprehensive educational plan (DCEP) as instructional planning tools. Plans were developed to incorporate the schools' planning processes into the Galaxy system.

To strengthen district capacity to assist schools in their planning and budgeting, Central provided districts with training, assistance and financial support in several areas, including allocations to districts to support SLT and PDB activities, and training for district office staff in budgeting and business practices, Galaxy operations and management practices.

To strengthen school capacity to plan and budget, Central provided several support services for schools. These included: information on team and district roles and responsibilities; borough-wide SLT information meetings; support services and training for districts and schools about the work of teams; an annual grant consisting of two components, a $300 annual reimbursement for each team member, and a flat $10,000 grant (grant amount depends on school size) to be used by the team specifically for building team capacity; a list of pre-approved individuals and organizations offering planning and training services to districts and schools; and plans for a broad, 3-year citywide parent outreach and training effort. Central also provided training and technical support for the PDB schools implementing Galaxy.

Assessment and Planning Tools

Central gained state approval for a revised DCEP. Previously, New York State had required districts to prepare a detailed plan for each of twelve separate categorical state-funded programs. The new DCEP integrated program descriptions for all state-funded programs into a single state compliance document. The CEP was also redesigned to make it easier to use, less redundant, and aligned with the new DCEP.

The Division of Assessment and Accountability (DAA) refined the PASS (Performance Assessment in the Schools Systemwide) process which was used widely throughout the system in 1998-99. DAA also took several actions to improve the City's student assessment system, including: refinement and widespread implementation of ECLAS, an early childhood language arts assessment system; and development of an assessment system for grades 3 through 8 that is better aligned with the English Language Arts (ELA) and mathematics standards. The tests also provide data on student strengths and weaknesses in the specific skill areas comprising the ELA and math standards.

Central Operations

Central decentralized responsibility for the Committees on Special Education (CSE) and the School Based Support Teams (SBST) to the districts and schools.

Several Central offices made improvements in business practices that allowed districts and schools to function more efficiently, including: an increased ability to hire and process applicants at the local level; development of plans to introduce Resumex, an online application system for teachers; a series of publications and a web site that make personnel information more accessible; refinement of purchasing practices; and streamlining of many business procedures, such as simplification of accounting codes.

PDB IN THE PILOT DISTRICTS: A VARIETY OF IMPLEMENTATION MODELS

At its core, PDB consists of school-level teams that develop instructional improvement plans to meet student needs, and link school resources to those plans. Each of the six Phase I PDB districts has developed characteristic perspectives on how to help its schools improve teaching and learning. These perspectives shape the way each district is implementing PDB.

In our case studies of the six pilot districts (Chapter 3), we describe each district's school-based planning history and the composition and functioning of their school planning teams. We also explore how they handle the new roles districts and schools must play in the process of planning and budgeting for instructional improvement.

When preparing their 1999-2000 budgets, the PDB schools and districts had to wrestle with a number of complicating factors that affected their ability to plan and budget for the coming school year. These factors, which seemed to have a disproportionately greater impact in the high need districts we studied, were:

- uncertainty about state and federal funding;
- uncertainty about the number of students who would enroll in each grade in each school;
- high turnover of school staff and principals; and
- dual roles of the DCEP.

FINDINGS

Our hypothesis that changes in seven broad areas of policy and practice are necessary for successful implementation provides the framework for our analysis of district and school implementation of PDB. During the first two years, we examined the extent of progress toward the goals of performance-driven budgeting and reached the following conclusions.

1) Movement of authority in budgeting, personnel and instructional planning to the school level: We found that schools in the six Phase I PDB districts *did* experience a substantial increase in their authority to budget during the two-year period of PDB implementation. Schools did *not* gain greater authority over personnel during the two-year period of PDB implementation, with the important exception of the transfer of authority for CSE and SBST activities to the districts and schools. All schools – PDB as well as non-PDB – *did* gain greater authority for instructional planning through the CEP process.

2) Restructuring of resource allocation policies and practices to support school level instructional planning and budgeting. We found that Central increased district fiscal responsibility and budgeting flexibility and improved school and district spending procedures; began to implement a School Leadership Team policy designed to help schools gain fiscal autonomy that is linked to instructional planning; and, with the Core Group, is developing and implementing a new budgeting system that is giving schools almost total control over their budgets.

3) Provision of information that schools need to plan and budget effectively. We found that Central and the districts improved the usefulness of the demographic and outcome data they provide to schools; Central's PASS instrument is helping schools analyze their practice and determine what instructional practices need to change; and the Galaxy system is designed to provide information about the availability of school-level resources and the rules governing budgeting and spending of these resources. Late reporting of student performance data, which is primarily caused by the State Education Department's testing schedule, remains a major problem.

4) Development of the capacity at all levels to support school teams' work of planning and budgeting. We found that Central is enhancing system capacity to support school-level planning and budgeting by integrating discrete school planning elements; integrating critical data functions; integrating bottom-up and top-down fiscal systems; and making critical Central divisions more service-oriented. Central is providing funds and training to support district staff. Central is providing funds for SLT member reimbursement and for team capacity-building; facilitating and providing team training and support; and creating plans for citywide parent outreach and training. PDB Phase I districts provided training and support for their school teams, which varied in emphasis and extent in each district.

5) Creation of more broad-based, participatory and influential decision-making structures at the school level. We found that school planning teams are becoming more broad-based, participative and influential.

6) Establishment of an effective accountability and reporting system. We observed elements of reciprocal accountability in all PDB districts and between Central and the districts.

7) Development of a systemic culture that supports school decision-making and continuous school improvement. We found that PDB participants believed that the system's pervasive climate of mistrust and cynicism had been mitigated somewhat by the commitment of some top Central managers to the PDB initiative, and by the

emergence of a "different conversation" in schools -- one more focused on student needs and instructional planning.

However, there was also a rise in the level of concern about the increasingly unstable political climate surrounding public schools; about the tremendous pressure to prepare students for high-stakes tests; and about the damage done to the system by the City's failure to stem the exodus of experienced teachers and principals from the system.

CONCERNS

In last year's *First Annual Report,* we suggested that two distinct forces could reverse the many important changes Central has initiated. The first is the possibility of a new chancellor committed to differing notions of reform. The second is obdurate resistance to change by Central's middle management.

But we have additional concerns.

District and school capacity

Our most critical concerns center on district and school capacity. Many districts lack the ability to assess their schools' performance and capacity and to assist their low performing schools. Most districts -- PDB as well as non-PDB districts -- have developed neither the outcome monitoring systems nor the incentive/sanctions systems that can hold their schools accountable for implementing a continuous instructional planning process.

How will the districts that house the bulk of the City's poorly performing schools – schools with limited capacity and/or cultures resistant to change – be encouraged and supported to change their practices so that they can help their schools improve?

Central must quickly prepare Phase II and then Phase III districts, the bulk of the City's school population, for the implementation of Galaxy. If implementation proceeds as essentially a budgeting process, what may result, especially in poorly performing schools in the Phase II and III districts, is mechanical application of a new budgeting process without the continuous cycle of instructional planning at the heart of the PDB vision.

Mechanical processes, uninformed by a vision of school-based instructional improvement, could also result if schools do not have the capacity to effectively use Galaxy and the instructional planning tools, and if districts don't develop their own capacity to help schools learn how to plan for instructional improvement.

We believe that the capacity to plan and budget is still very weak in many schools and districts. We fear that the training and support programs Central and the districts have begun to put in place may prove inadequate to the magnitude of the task of building the capacity needed at every level of the system.

Mobility

The notion at the core of PDB is a continuous planning cycle, a spiral of experience that learns from, builds on and improves by correction, based on analysis of what was previously attempted. Yet teacher and principal turnover is very high in New York City, and particularly high in low-performing schools. Given the endemic problems of limited capacity to plan instructional improvement, the added problems of extremely high turnover make effective planning almost impossible in too many schools.

The measures Central has currently set in motion to reduce the corrosive effects of high teacher and principal turnover seem to us too feeble to stabilize the erosion of personnel in poorly performing schools. Constrained by inadequate resources, escalating competition from wealthier suburban districts, and the continuing societal downgrading of the teaching profession, Central's options seem quite limited. Yet failure to significantly reduce teacher and principal mobility might well nullify the potential of SLT contributions to school improvement in poorly performing schools.

Galaxy Implementation Issues

The Core Group has been developing Galaxy and working out many implementation details. Any diminution of Central support, or any indication that the Core Group's work is less valued by Central, could lead to either the break-up of the group as individual directors of operations decide to concentrate their scarce time on their own district's problems, or to a form of compliance behavior – passive participation -- that would effectively negate the Core Group's major contributions.

Similarly, the Galaxy Steering Committee has been responsible for integrating Galaxy with Central's fiscal, personnel and management systems. The Steering Committee's complex task of transforming Central systems into school and district supports, and integrating them with Galaxy is critical to PDB's success. Clearly, the Steering Committee must continue to receive the support necessary to unravel all the knotty issues that Galaxy implementation raises.

Another key implementation issue is the timeliness of allocations to districts and schools. Central's success in getting initial allocations to the districts by early June for two successive years is a major accomplishment. But what happens if events in Albany make such a critical accomplishment impossible to repeat? After two years, having to return to receiving initial allocations in August would depress morale -- and belief in PDB -- throughout the system.

Instruction

In last year's report, we analyzed the limitations of the planning process Central had designed, and argued that the problem of limited capacity for improvement, at school and district levels, could not easily be overcome by a mandate to plan for improvement, even when buttressed by planning tools. We also indicated that we feared that the CEP, DCEP and PASS were less powerful tools for planning improvement.

But consider a deeper problem. The Core Group's goal in developing Galaxy was not only to make budgeting transparent and relatively simple for schools to use, but also to make school-level budgeting drive a transformation that moves districts and Central toward becoming supportive agents for the school's improvement efforts. Our second year evaluation found evidence that this reversal of traditional top-down modes of fiscal allocation and service provision was beginning to occur.

Can the CEP, DCEP and PASS become more than school-support instruments? Can some level of reciprocal intervention be built into their usage? For example, a computerized CEP, as a new school-level planning tool, can, at least in theory, aggregate up to the district's DCEP. The DCEP would then reflect how the district would support and insure each school's implementation of its CEP. But the current DCEP may be completed by district superintendents *before* principals complete their school-level CEPs; thus, those CEPs might not inform the district's comprehensive educational plan.

Moreover, the DCEP still serves as the document that must meet the New York State Education Department's need for a comprehensive compliance document. But, even supposing that the state's needs for compliance reporting could be met by a streamlined DCEP, could that same DCEP also incorporate, through technological means, each school's CEP? And, if so, how best could Central instructional planners use the DCEPs to redefine Central support for district and school instructional plans? These questions are currently open.

High Schools

Central's High School Division essentially stopped implementing PDB in the pilot schools and articulated, instead, a division-wide effort to lodge more budgetary decision-making in every high school. What followed this implicit policy change was a dismissal of the division's leadership and some initial evidence of a sea-change in the governance of high schools.

PDB implementation will remain incomplete if the high schools continue to be exempted. Current allocation and budgetary practices cede more budgetary authority to individual high schools than to pre-PDB elementary and middle schools, because high school principals receive unit allocations to be distributed, rather than positions to be assigned. But current high school practice – how those unit allocations are used – is in no way analogous to the continuous planning for instructional improvement cycle that PDB envisions.

Regardless of whether high schools remain centralized, or are assigned to the community school districts, or the borough superintendents gain more authority and budgetary power over them, the question of how they become part of the systemic PDB effort must still be addressed.

CONCLUSION

At the end of the second year of PDB implementation, our findings indicate that both Central and the PDB districts and schools have begun to create the school-driven, instructionally-focused budgeting system that the PDB planners envisioned. Chapters 3 and 4 provide the evidence that these changes have begun to have some effect in the PDB districts and schools.

Much is at stake with the implementation of Performance Driven Budgeting.

If implementation is successful, the New York City school system will be focused as never before on improving student achievement, and will clearly demonstrate that public schools can work effectively for all children.

However, if PDB is assimilated into traditional school, district and Central modes of "doing school," improvements in student outcomes will continue to depend on arbitrary, idiosyncratic and unspecifiable processes, and hundreds of thousands of New York City students will be denied the effective schooling that should be theirs by right.

INTRODUCTION

Across the country, school-based planning for instructional improvement has been a major education reform focus for more than two decades. Initially, various school-based management efforts proposed to put schools in charge of some of their own operations. But this resulted in the delivery of increased discretion rather than real autonomy; most school-based management schools received only a modicum of power over issues marginal to budgeting and school improvement.

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CHAPTER 1

OVERVIEW OF THE PERFORMANCE DRIVEN BUDGETING INITIATIVE

THE CHALLENGE OF PERFORMANCE DRIVEN BUDGETING

Performance Driven Budgeting (PDB) is a form of school-based budgeting that explicitly links budgeting to improving instruction and student performance. PDB, a key component of former Chancellor Crew's vision of a performance-driven school system, "focuses its energies on the sole goal of improving performance in teaching and learning."[1]

In the chancellor's definition, a performance-driven system:

- Defines clear standards for student learning;
- Identifies educational strategies for all students to meet these standards;
- Aligns all resources, policies and practices to carry out these strategies;
- Track results; and
- Uses the data to drive continuous improvement and holds the entire system accountable for student performance.

In August 1996, Chancellor Crew invited members of the public school community to participate as partners in the design and implementation of Performance Driven Budgeting. PDB, the chancellor said, would "provide local educators with increased control and flexibility over the use of resources so that they could engage in more creative program development, more effective problem solving, and more efficient use of resources to improve student performance."[2]

The PDB invitation established a framework of goals and principles (Appendix A); outlined a three- to five-year phased-in implementation process that began with the selection of Phase I pilot districts; and called for obtaining outside funding for an evaluation to "help us to understand whether or not we are on the right track."

Today, that framework of goals and principles undergirds and guides the development of PDB; the phased-in implementation process has proceeded with the piloting of PDB in six Phase I districts; and New York University's Institute for Education and Social Policy was selected to conduct a collaborative, multi-level three-year evaluation, beginning in the fall of 1997.

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[1] August 23, 1996 letter from Chancellor Crew to all district superintendents

[2] An Invitation to Partnership in the Design and Implementation of Performance Driven Budgeting, p.1.

Our *First Annual Report: Evaluation of the Performance Driven Budgeting Initiative* covered the period from PDB's inception in February 1997 through August 1998. That report focused on the development of PDB; what PDB would look like if it were operating successfully; and the changes in policies and practices needed for implementation to be successful. We also examined how and to what extent Central and the Phase I districts were generating the conditions necessary for successful PDB implementation.

The task of the second year of the evaluation, covering the period from September 1998 through August 1999, is to examine whether changes in policies and practices taking place at the Central and district levels have enhanced the ability of schools to create budgets that are linked to improving student performance. Our third and final report will cover the period from September 1999 through August 2000.

PDB IMPLEMENTATION HIGHLIGHTS THROUGH AUGUST 1998

Chancellor Crew's vision of PDB called for the creation of a new, comprehensive system to support bottom-up school-based planning and budgeting.

In December 1996, shortly after Chancellor Crew articulated his vision, the New York State legislature enacted a school governance law that mandated the creation of school planning teams and school-based budgeting in every New York City public school. The new law also shifted substantial authority away from community school boards to the chancellor, to the superintendents and, to some extent, to the schools themselves. For the first time, there were clear lines of accountability: principals were accountable to superintendents who were accountable to the Chancellor.

The changes set in motion by PDB and the school governance law challenge how schools, districts and Central have traditionally functioned in New York City. For a performance-driven system to work, the central administration has to cede control over resource allocation decisions to districts and schools, and must reinvent itself as a service organization. Districts have to cede considerable control over budgeting, staffing and instructional organization to schools, while developing an effective role for themselves as facilitators, trainers and supporters of school-based planning and budgeting. Finally, schools must accept the multiple challenges of managing themselves, embracing and carrying out their new powers, while being held accountable for their students' performance.

In February 1997, six community school districts, the Brooklyn and Queens High School superintendencies, and the International High School Network in the Alternative High School superintendency accepted those challenges. These Phase I districts were expected to develop PDB implementation models whose variety "would enable more opportunities for the development of innovative strategies and teach us more about the kinds of approaches that are likely to be successful."[3] Systemwide implementation would be based on the successes of one or more of these models. Former Deputy Chancellor for Operations Harry Spence became responsible for the overall direction and implementation of PDB.

Field-based and Central staff identified five sets of systemic policy and coordination issues: earlier allocations to schools; personnel hiring and flexibility; school-based budgeting and expenditure; development of strategies to change city, state and federal regulations and laws impeding effective PDB implementation; and development of a Request for Proposal for the PDB evaluation. Districts and schools continued developing their varied PDB approaches.

In March 1998, former Deputy Chancellor Spence announced a major change in PDB implementation strategy – the creation of a new field-based approach. The task of developing and implementing this approach was given to a Core Group consisting of the six directors of operations from the Phase I community school districts and two directors of operations from Phase II districts. Beverly Donohue, the Chief Financial Officer, became responsible for coordinating PDB activities, and Liz Gewirtzman, Director of Operations in District 2, became the Core Group Leader and PDB Project Director.[4]

Implementation at the System Level

In our First Annual Report, we detailed the major changes that took place at Central during the period ending August 1998. Under the direction of Chief Financial Officer Beverly Donohue:

- Initial allocations were made to the districts prior to the end of the school year, and months earlier than in past years;
- Design and development was begun on Galaxy 2000, a computerized school-based budgeting system;
- The Budget Office was reorganized and reconceptualized to free many districts from tight fiscal monitoring and to provide other districts with more assistance;

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[3] *Ibid.,* p.1

[4] The Core Group members were Liz Gewirtzman, Robert Wilson (District 2), Vincent Clark (District 9), Rosendo Abreu (District 10), Efrain Villafane (District 13), Magda Dekki (District 19), Mark Gullo (District 20), Jerry Schondorf (District 22) and Sandy Brewer (District 27).

- Districts were permitted to roll over unexpended tax levy funds from one fiscal year to the next;
- The Budget Request process was improved and expanded to give more schools an opportunity to participate in defining their fiscal needs;
- Improved School Based Budget and Expenditure Reports were produced to detail funds budgeted and spent for every school and district and for the system as a whole; and
- Streamlined and simplified automated purchasing and contracting processes were put in place.

Under the direction of Deputy Chancellor Spence, Central developed a School Leadership Team (SLT) plan that, in accordance with the 1996 governance law, mandated the creation of a school leadership team at every school, and assigned two core functions to these teams: developing the school's instructional improvement plan, and creating a budget linked to that plan. The Division of Human Resources began to move certain hiring activities to the district and school levels.

Under the direction of Deputy Chancellor for Instruction Judith Rizzo, the Division of Assessment and Accountability produced a variety of student performance data reports in increasingly disaggregated form. In addition, a number of important instructional tools were developed:

- ECLAS, the Early Childhood Literacy Assessment System, a kindergarten to grade three low-stakes performance assessment designed to help teachers analyze young children's developmental progress in literacy and use the results to reconfigure appropriate classroom instructional strategies;
- PASS (Performance Assessment of Schools Systemwide), a school-level performance evaluation instrument to help schools assess the quality of their education practice;
- Comprehensive Educational Plan (CEP), an instructional planning document that requires SLTs to assess school performance and specify how inadequate performance will be improved;
- District Comprehensive Educational Plan (DCEP), which specifies how the district will provide support and help schools develop the capacity to effectively implement its CEP. The DCEP combines the state-required plans and budgets for multiple reimbursable programs into one document.

The CEP and DCEP were also conceived as key elements in a new performance-driven accountability system that evaluates principals on issues of educational effectiveness and school performance, rather than on the compliance and procedural issues that had been the basis of traditional evaluation.

Implementation in the Pilot Community School Districts

The community school districts that volunteered for Phase I came to PDB with a variety of experiences honing their budgeting and instructional practices. Essentially, PDB accelerated the evolution of each district's particular approach to decentralized budgeting and school-based instructional planning.

We identified two highly developed models of performance driven budgeting in the work of District 2 and District 22. Each developed its own approach to budgeting for instructional improvement – an instructionally-focused, principal-driven planning process in District 2; and a highly collaborative, broadly participatory planning process in District 22. Both districts share numerous characteristics of effectiveness, and both are building PDB on their base of prior successful practice. Both Districts 2 and 22:

- had long-term superintendents who were successful in improving student performance;
- have few, if any, schools that can be characterized as failing;
- send a clear message to the school community that continuously improving student performance – especially in literacy – is expected of all school leaders and staff;
- provide extensive support and training to buttress their high expectations; and
- seek to develop school-district relationships characterized by collaboration, communication, trust and respect.

The two districts have gradually been instituting school-based budgeting in all their schools over a five- to seven-year period. They make public all school allocations and support flexibility in school budgeting.

Implementation in the Pilot High School Superintendencies

Implementation in the pilot high schools differed considerably from the process in the community school districts because high schools, for more than two decades, have been administered centrally. Individual high schools receive their school budgets directly from Central. In contrast to the elementary and middle schools, high school superintendents play a very small role in the allocation of funds to their schools.

People in the PDB high school superintendencies and Central identified six major areas of concern: late allocations; late hiring; inflexible staffing; lack of an annualized budget; inflexible funding; and inflexible spending. While some progress was made in these areas during 1997-98, there was apparently a policy decision in

1998-99 that PDB at the high school level be assimilated into a systemwide approach to reforming all high schools.

During 1998-99, the six high school superintendencies were able to function more like community school districts in that they were given power -- previously exercised by Central -- to distribute most tax levy and reimbursable funds. However, Central continued to mandate specific instructional programs, target money from the schools' budgets to fund those programs, and hold schools accountable for compliance with those mandates.

FINDINGS FROM THE FIRST ANNUAL REPORT

Our first year study found that Central's changes seemed to reflect what schools require to make effective instructional decisions and to configure their budgets to support those decisions, as well as some understanding of how Central-level administrative and operational structures must be transformed. These changes suggested a shift from traditional forms of hierarchically-mandated allocations, procedures and operations to a more flexible, user-friendly, response-driven support and provision system.

We thought this perception of a significant change in how Central historically functioned might have been overly optimistic. The apparent shift, at least at that stage, still seemed reversible. A loss of momentum, new policy directions, or obdurate resistance might well contribute to a reassertion of command and control modes of budgeting operation.

Nevertheless, we found quite purposive activity in attempting to link and integrate many traditionally separated and fragmented operations and functions. If such integrating activity accelerated, we wrote, it might prove possible to realign Central as a support structure for school-based instructional planning and budgeting.

Concerns

In our First Annual Report we also noted several challenges that emerged as the PDB initiative unfolded:

1. The centrality of planning as the mode of school improvement may be overemphasized in this initiative, and the relationship of planning to the capacity building that poorly performing schools require may be underemphasized. The CEP/DCEP system depends on school capacity to plan effectively for instructional improvement; Central needs to concentrate more effort on ensuring that poorly performing schools and districts have the capacity to support effective instructional planning processes.

2. Alignment of the City's assessments with the New Standards content and performance standards is critical to effective school-based instructional planning.
3. It is unclear what the implications of systemwide high school reform efforts hold for PDB implementation in the high schools.
4. It is unclear how far below top command levels Central's commitment to its new role as a support structure extends. The ability to hire and assign staff, for example, although identified as a critical ingredient of effective school-based instructional planning, didn't appear to have been appreciably improved. Progress in advancing the ability of schools to merge funding streams, particularly PCEN allocations in non-Title I schools, remained slow.
5. Once Central's School Leadership Team policy was established, the need for several forms of training to help teams successfully fulfill their responsibilities became apparent: 1) training on what teams need to know to help them function effectively; 2) training on how to do instructional planning; and 3) training on budgeting and finance issues. Would this training be made available?
6. The effectiveness of PDB depends on the delivery of useful data to districts and schools in a timely manner.
7. Several concerns relate to scaling up the PDB initiative to non-Phase I districts:
    - How can districts strengthen their efforts to build the capacity of school-level planning teams?
    - How can Central help districts develop and build their capacity to help schools learn to budget and plan instructionally?
    - How can districts develop their capacity to provide the training and support that effective school teams require?
    - How can districts and Central insure that school teams get the necessary time to carry out their planning and budgeting responsibilities?
8. Our overarching concern was whether Central would maintain the sustained focus necessary to transform a traditional command-driven bureaucracy into a flexible system that supports decision-making authority and continuous improvement of teaching and learning at the school level.

The NYU Evaluation

Our second year evaluation probed those concerns by documenting and analyzing the effectiveness of PDB design and implementation at the Central, district and school levels.

The overall evaluation is designed as a two-part effort: an implementation assessment and an impact assessment. The implementation assessment documents the approaches used by Central and the Phase I districts and schools to move PDB from concept to reality. The impact assessment analyzes the results of PDB implementation in schools and districts in seven broad areas of policy and practice that we hypothesize are necessary components of successful implementation:[5]

1. Movement of authority in budgeting, personnel and instructional planning to the school level;
2. Restructuring of resource allocation policies and practices to support school-level instructional planning and budgeting;
3. Provision of information that schools need to plan and budget;
4. Development of the capacity at all levels to support SLTs' work of planning and budgeting;
5. Creation of more broad-based, participatory and influential decision-making structures at the school level;
6. Establishment of an effective accountability and reporting system; and
7. Development of a systemic culture that supports school decision-making and continuous school improvement.

Research Activities

During each of the two years of our study, we conducted:

- one or more interviews with senior executive staff at Central;
- observations of Galaxy Steering Committee meetings and other Centrally-convened conferences and meetings;
- one or more interviews with all superintendents and directors of operations of the six Phase I PDB districts;
- interviews with deputy superintendents and other district-level personnel in most Phase I districts;
- one or more interviews with the principals of the three PDB schools where we also observed school planning team meetings, training sessions, and other school activities;

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[5] Next year, the impact assessment will also analyze the initiative's effect on student outcomes, using quantitative methods.

- observations of district activities including district allocation conferences and training sessions;
- confidential, anonymous surveys of up to seven planning team members in each of 23 schools selected from four of the six Phase I districts, and in all 13 Phase I high schools, to examine school-level planning and budgeting practices;
- document collection from Phase I districts and schools and from Central; and
- similar activities in the four non-PDB schools in our study.

In addition, in the second year of the study we conducted a focus group with fifteen teachers serving on school planning teams in three Phase I districts.

The remainder of the report explores our second year findings.

CHAPTER 2

SYSTEMWIDE ACTIVITIES IMPACTING PDB IMPLEMENTATION

This chapter provides a brief overview of the actions Central took during the second year of the PDB initiative that had an impact on the implementation of PDB. In Chapter Four, we describe how Central's actions impacted the PDB Phase I districts and schools.

CHANGES IN CENTRAL'S FINANCIAL SYSTEMS

The Core Group of directors of operations is developing Galaxy 2000, a computerized school-based budgeting system in which school-level decisions drive district and Central budgets. Galaxy development and implementation are proceeding in tandem, with implementation being guided by the Core Group and the Galaxy Steering Committee,[6] a group of Central financial and information system managers convened by the Chief Financial Officer.

- Galaxy implementation began in June 1999, when the Phase I districts provided a structure for their schools' budgets, and schools then entered their budgets, using a preliminary version of Galaxy called the "sketchpad." In 1999-2000, all Phase I schools were slated for upgrading to a full Galaxy system that is integrated with Central's accounting and budgeting systems.
- To support school- and district-level Galaxy implementation, Central provided laptop computers to all Phase I principals, and, in June 1999, Galaxy training for all Phase I districts' business staffs, principals and other school planning team members.
- Central provided management training for both Phase I and Phase II directors of operations in the 1998-99 school year. The eighteen Phase II directors of operations were to receive more intensive training in 1999-2000. Phase II districts and schools will implement Galaxy in 2000-2001. Phase III districts and schools, along with the high schools and District 75, are slated to begin Galaxy implementation in 2001-2002.
- Future plans include integrating numerous school planning functions into Galaxy, including an automated CEP development tool that accesses relevant school- and student-level data, with the ability to share and gather information from other sources.

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[6] The main function of the Galaxy Steering Committee, composed of the Core Group leader, the PDB Project Manager and Central financial and information system managers, is to change and/or coordinate Central fiscal policies and practices in response to issues surfaced by Galaxy's development and implementation.

According to Chief Financial Officer Beverly Donohue, "Galaxy changes the question from 'Here's the money. What do we do with it?' to 'Here's the program we want. How do we pay for it?'" To support a change of that magnitude, essentially moving decision-making from the top of the school system to the bottom, Central had to examine all financial systems and policies to determine their fit with the new scheme, and adjust accordingly. Several key actions were taken:

- Currently, one-third of the community school districts have substantial responsibility for their own fiscal affairs, a result of the Budget Office's differentiated three-level approach to district fiscal responsibility.
- In support of district-level fiscal responsibility, Central implemented the Core Group's concept of Additional Spending Authority (ASA). ASA is a mechanism whereby Central "fronts" funds to the districts that it expects to receive from State grants and other sources.
- To familiarize all New York City schools with the concept of school-based budgets built on school-developed instructional plans, Central continued and expanded its Budget Request process. Growing numbers of schools (67% in 1998-99) participated in this "structured exercise" in which schools budgeted a small discretionary allocation that was aggregated to the district and Central levels and incorporated into the Chancellor's Budget Request.

In addition to these key actions, Central identified several areas that could be decentralized or made more flexible.

- In the fall of 1998, Central transferred the operation and budgets for the Committees on Special Education (CSE) and School Based Support Teams (SBST) to the districts and schools. The CSEs and SBSTs are responsible for the evaluation and placement of students in special education programs.
- Central made significant new discretionary tax levy dollars available to the districts, and made the use of certain categorical tax levy dollars more flexible.

SCHOOL LEADERSHIP TEAM POLICY

In November 1998, Central initiated a three-year phase-in of a School Leadership Team plan designed to lodge authority for instructional planning and budgeting with a team at the school level. The planning team, composed of a balance of parents and school staff, is responsible for developing the school's instructional improvement plan (the comprehensive educational plan, or CEP) and budgeting its entire fiscal allocation. Districts are responsible for establishing district guidelines and overseeing implementation of SLT plans in their schools.

The three-year phase-in required all schools to have a functioning planning team in place by the fall of 1999. Teams must develop CEPs by the end of the 1999-2000 school year, and CEPs and budgets by the end of the 2000-01 school year.

CAPACITY BUILDING

Central sought to refine the planning and budgeting processes that comprise PDB.

- The two deputy chancellors convened the Phase I superintendents to develop a comprehensive planning calendar and to examine the CEP and DCEP as instructional planning tools. Plans were developed to incorporate the schools' planning processes into the Galaxy system.

Central provided districts with training, assistance and financial support to strengthen district capacity to assist schools in their planning and budgeting:

- In 1998-99, Central provided all districts with a $65,000 allocation to support district SLT activities. Additionally, Central allocated $72,000 per year to the Phase I PDB districts to compensate for time spent by district staff on Galaxy development-related activities. Districts also initially received a one-time $40,000 planning grant when they became a Phase I or Phase II PDB district.
- The Budget and Business Offices provided district office staff with training in budgeting and business practices. In many cases, the training was extensive, such as the boot camps run by the Budget Office. The Board hired outside vendors to provide hands-on training in the Galaxy system for the business staff in the six Phase I PDB district offices. The Board also hired New York University's Wagner School of Public Service to provide management training for the Phase I and Phase II directors of operations.

Central provided schools and SLTs with training, support and improved services, to strengthen school capacity to plan and budget:

- Clear concise information on team and district roles and responsibilities; borough-wide SLT information meetings; and support services and training for districts and schools around the work of teams.
- An annual grant consisting of two components: a $300 annual reimbursement for each team member, and a flat $10,000 grant to be used by the team specifically for building team capacity.
- A list of pre-approved individuals and organizations offering planning and training services to districts and schools.
- Central developed plans for a broad, 3-year citywide parent outreach and training effort, to be implemented in 1999-2000. Central also provided ongoing training and technical support for the PDB schools implementing Galaxy.

- Several Central offices made information useful to school planners available to schools and the public, often in a more accessible form. For example, the Budget Office increased the dissemination of its Initial Allocation document (BOR Allocation Memorandum #1, or "BOR1") to PTA presidents, UFT chapter chairs, SLT chairs and other members of the school community. BOR1 describes the rationale behind every allocation to the districts, in addition to the actual category-by-category allocation to each district. It also indicates Title I funding for every school and other information useful to school planners.
- User-friendly brochures and informational booklets were published on a variety of topics, ranging from school purchasing procedures to grade-level curriculum standards. Important school information, such as the Annual School Reports and the School Based Budget Reports, are disseminated through the schools and through the internet.

Central continued to report on how the school system's funds were budgeted, and actually used, by publishing the annual School Based Budget Reports and School Based Expenditure Reports for every school and district in the City.

ASSESSMENT AND PLANNING TOOLS

Central gained state approval for a revised DCEP. Previously, New York State had required districts to prepare a detailed plan for each of twelve separate categorical state-funded programs. The new DCEP integrated program descriptions for all state-funded programs into a single state compliance document. The CEP was also redesigned to make it easier to use, less redundant, and aligned with the new DCEP.

The Division of Assessment and Accountability (DAA) refined the PASS (Performance Assessment in the Schools Systemwide) process, which helps schools conduct independent, collaborative self-assessments of their instructional practices and conditions for teaching and learning. PASS was used widely throughout the system in 1998-99, by schools for self-assessment and by districts and Central monitors to understand the needs of low performing schools. Assessment of the effectiveness of a school's SLT was incorporated into the PASS process.

DAA took several actions to improve the City's student assessment system, including:

- Refinement and widespread implementation of its kindergarten to 3rd grade low-stakes performance assessment system, ECLAS (Early Childhood Literacy Assessment System). Designed to analyze young children's developmental progress in literacy, ECLAS helps school planners develop appropriate classroom instructional strategies for the early grades.

- Development of an assessment system for grades 3 through 8 that is better aligned with the City and State English Language Arts (ELA) and mathematics standards. The tests also provide data on student strengths and weaknesses in the specific skill areas comprising the ELA and math standards.

STUDENT DATA

DAA provided much more detailed reporting of data to the districts and schools, and intensified its data-specific training and support for superintendents and district staff.

- To help school planners understand individual class and grade needs, DAA provided schools with aggregations (to the class level) of the individual subskill scores available from the new assessments (Items Skills Analysis).
- The analyses made available through Central's ATS system were enhanced to include student year-to-year gains in achievement in several areas, disaggregated for several discrete student categories.

CENTRAL OPERATIONS

Timing of Allocations to Districts

Central issued its initial allocation to the districts on June 1, 1999 -- more than two months before the state and city budgets were passed -- in response to district and school need for timely allocations. Because the allocation was made in early June, the PDB Phase I districts were able to make initial allocations to their schools by mid-June, and these schools were able to create budgets by late June.

The timing of both the Central allocation to the districts and the districts' allocation to their schools was a significant achievement, made possible by a high degree of cooperation and collaboration among Central fiscal managers, the Core Group and district and school planners.

Streamlined Business Practices

Several Central offices made improvements in business practices that allowed districts and schools to function more efficiently and effectively.

- The Division of Human Resources (DHR) gave districts an increased ability to hire and process applicants at the local level, and developed plans to introduce Resumex, an online application system for teachers, that "hooks up with the needs of schools," said DHR Executive Director Howard Tames.
- DHR produced a series of publications and a web site that make personnel information more accessible.

- The centralized purchasing system was refined and improved to make school and district purchasing easier and more cost effective.
- The Division of Financial Operations (DFO) streamlined many business procedures, including simplification of accounting codes, and provided more support services to districts and schools. The division also plans to help districts train a business liaison for each SLT. Louis Benevento, Executive Director of the Division of Financial Operations, said that Central's had two options – to " add an accountant to each school" or to simplify functions.
- The DFO planned major upgrades to the accounting and budgeting systems and worked with the Core Group to interface all financial operations with Galaxy.

TECHNOLOGY AND DATA SYSTEMS

Central's goal is to connect every classroom to Central's intranet and to the internet. The major focus for 1998-99 was to build an infrastructure to support this connectivity. The goal for 1999-00 is to connect as many classrooms as possible, with the expectation that all middle school classrooms will have internet access by the end of 1999-00. Central also funded a new position, Director of Information Technology, in every district to support school and district technology and information needs.

At the beginning of the 1999-2000 school year, Central consolidated its technology and information system responsibilities into a new Division of Information and Instruction Technology.

Central has embarked on a multi-year program to expand the ATS system to serve high schools.

HIGH SCHOOLS

Central continued to strengthen the high school superintendencies by giving them control over the reimbursable allocations previously given directly to schools.

Thus, Central instituted a wide variety of system-level changes that support the implementation of PDB, from a major restructuring of its financial systems to significant improvements in its assessment and student data systems. Since major changes in Central systems often have quite complex and even confounding results at the district and school levels, Chapter Four of this report examines the effects of the Central initiatives on the Phase I PDB districts and schools.

CHAPTER 3: PDB IN THE PHASE I DISTRICTS

A VARIETY OF IMPLEMENTATION MODELS

As noted in last year's report, the six community school districts that volunteered to pilot PDB all had some experience in school-based budgeting and/or school-based planning. The districts also had a common interest in furthering the development of their school-based methods. In November 1996, six districts applied to be pilot districts in the Performance Driven Budgeting initiative.

The PDB Planning Team that developed the plan for the PDB initiative in the summer of 1996 discussed the criteria to be used in the selection of pilot districts. The team decided that choosing a diverse group of districts would more likely result in the development of a variety of implementation models that might prove instructive to ensuing phases of PDB implementation.

The PDB Planning Team reasoned that districts with different student and staff characteristics might well develop different PDB implementation strategies. A district with a large, highly mobile, non-English speaking population, for example, might develop different strategies for engaging parents in school planning than a district with a small number of English Language Learners. A district that creates and sustains many small schools might develop different approaches to team collaboration than a district with very large schools. A district that loses a high percentage of its staff every year might have a different approach to developing school capacity for planning and budgeting.

Of the six pilot districts the PDB Planning Team selected, four are in Brooklyn, one in Manhattan, and one in the Bronx; they span a wide range of neighborhoods and populations. As the following table demonstrates, school and district size also vary significantly, as do leadership and staff characteristics.

TABLE 3.1: PROFILE OF PHASE I PDB COMMUNITY SCHOOL DISTRICTS

	CSD2	CSD9	CSD13	CSD19	CSD20	CSD22	Average of all CSDs
Number of students*	22,018	30,585	15,606	24,390	27,096	28,407	22,895
Number of students per school	468	927	679	813	903	1015	789
Number of schools*	44	33	23	30	30	30	
Number of Title I schools**	14	33	22	30	17	13	
Number of SURR schools***	0	6	3	7	0	0	97 (total)
Principal turnover: 1998-99 to 1999-00*****	18%	36%	9%	27%	3%	13%	

1997-98 Teacher characteristics

Percent fully licensed	91%	71%	74%	80%	92%	93%	85%
Percent more than 5 years' experience	62%	61%	57%	60%	66%	61%	62%
Average days absent	7.9	9.6	9.0	10.0	9.5	8.4	9.0
Average salary****	$44,366	$41,231	$41,024	$42,055	$45,778	$43,296	$43,314

1997-98 Student characteristics

Eligible for free lunch	53%	93%	87%	90%	70%	63%	76%
English Language Learners	17%	26%	5%	16%	26%	11%	17%
Days attended	93.1%	87.9%	88.7%	89.2%	92.5%	92.2%	90.6%
Reading at/above grade level (elementary)	73.7%	35.7%	42.3%	35.5%	64.7%	61.5%	51.3%
At/above grade level in math (elementary)	82.5%	46.1%	55.6%	43.3%	80.5%	77.3%	62.9%
Reading at/above grade level (middle school)	71.3%	28.8%	44.5%	34.8%	52.4%	60.5%	47.1%
At/above grade level in math (middle school)	77.7%	38.8%	50.8%	43.0%	65.3%	73.9%	58.0%

Sources: All data is from the 1997-98 Annual School Report of the New York City Board of Education, except as noted:

* 1998-99 Phase I districts' DCEPs

** 1998-99 School Based Expenditure Reports, New York City Board of Education

*** January 10, 2000 New York State Education Department Press Release

**** 1997-98 School Based Expenditure Reports, New York City Board of Education

***** Based on data from July 1999 interviews with Phase I district directors of operations

At its core, PDB consists of school-level teams that develop instructional improvement plans to meet student needs, and link school resources to those plans. Each of the six Phase I PDB districts has developed characteristic perspectives on how to help its schools improve teaching and learning. That perspective shapes the way each district is implementing PDB.

Some districts have an extensive background in school-based decision-making and planning, including experience with Title I SchoolWide Programs, school-based management/shared decision-making, and the Comer School Development model. Other districts approach school-based planning by seeking school-level input primarily from the principal. As all districts move toward compliance with the Chancellor's School Leadership Team policy, their diverse experiences and perspectives guide their SLT implementation strategy.

In the case studies below, we describe each district's school-based planning history and the composition and functioning of each district's school planning teams.

We also explore how each district is handling the new roles districts and schools play in the process of planning and budgeting for instructional improvement. For each district, we consider the following questions:

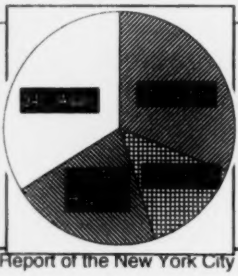
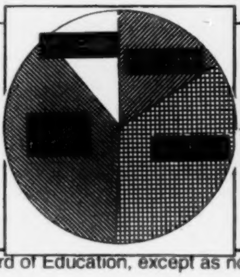
- How did the district prepare itself for its new role?
- How did the district prepare its schools?
- How does the district decide on the policies and practices guiding allocations to the schools?
- How much flexibility does the district give its schools to plan and budget?
- How does the district differentiate between schools with varying academic outcomes and varying capacities for planning and budgeting?
- How explicitly does the district require schools to link their instructional improvement plans to their budgets?
- Does the district publish its school allocations and budgets?

After discussing the six districts' implementation strategies, we present some cross-district issues that surfaced during implementation.

COMMUNITY SCHOOL DISTRICT 2

	CSD 2	Average of all CSDs
Number of students*	22,018	22,895
Number of students per school	468	789
Number of schools*	44	
Number of Title I schools**	14	
Number of SURR schools***	0	97 (total)
Principal turnover: 1998-99 to1999-00*****	18%	

Fully licensed	91%	85%
More than 5 years' experience	62%	62%
Average days absent	7.9	9.0
Average salary****	$44,366	$43,314

Eligible for free lunch	53%	76%
English Language Learners	17%	17%
Days attended	93.1%	90.6%
Reading at/above grade level (elementary)	73.7%	51.3%
At/above grade level in math (elementary)	82.5%	62.9%
Reading at/above grade level (middle school)	71.3%	47.1%
At/above grade level in math (middle school)	77.7%	58.0%
Race and Ethnicity		

Sources: All data is from the 1997-98 Annual School Report of the New York City Board of Education, except as noted:

* 1998-99 Phase I districts' DCEPs

** 1998-99 School Based Expenditure Reports, New York City Board of Education

*** January 10, 2000 New York State Education Department Press Release

**** 1997-98 School Based Expenditure Reports, New York City Board of Education

***** Based on data from July 1999 interviews with Phase I district directors of operations

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District 2[7] encompasses most of central and lower Manhattan. In 1998-99, District 2 had 44 schools: 23 Pre-K through grade 5 elementary schools, five Pre-K through grade 8 schools, ten middle schools (grades 6-8) and six secondary schools (grades 6-12), of which 14 had Title I status.[8] All District 2 schools have been pilot schools in the PDB initiative since its inception. Elaine Fink, who was District 2's Deputy Superintendent for eight years under Anthony Alvarado, is now District 2's Superintendent.

Background for PDB Implementation: Focus on Instructional Improvement

District 2 focuses its energy and resources exclusively on instructional improvement. Every level of the district articulates this focus as the central goal of the district, and seems committed to its support.

The district's Comprehensive Education Plan (DCEP) states that District 2 bases its efforts on the premise that to affect improvement in student performance, schools must provide high quality instruction to all students. The strategy the district has been employing has been to develop an instructional delivery system that utilizes professional development to improve teaching and learning. The goal of that system is to achieve and maintain high quality teaching and learning, coupled explicitly with standards of student performance, for every student, in every content area, in every classroom, in every school. The assessment of the quality and depth of student work in relation to the New Standards 'performance standards' is the determining factor in evaluating the quality of the pedagogy employed and in developing the professional development strategies necessary to reach their goal.[9]

The District 2 DCEP defines the principles guiding the district in developing instructional improvement strategies and professional development as:

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[7] This description is based on District 2's November 1996 PDB proposal; FY 00 DCEP; FY 99 and FY 00 initial district allocation; selected FY 99 and FY 00 school budgets; interviews with Superintendent Elaine Fink, Director of Operations Robert Wilson and Director of Choice and Parent Education Ilene Friedman; miscellaneous district memoranda and training materials and agendas; and observations of parent and principal training. Also: 1998-99 School Based Budget Report.

[8] In 1998-99, the Board of Education's financial system recognized 34 District 2 school units, of which 14 had Title I status.

[9] The District 2 DCEP states that "New Standards is a collaborative effort of the Learning Research and Development Center at the University of Pittsburgh and the National Center on Education and the Economy, in partnership with states and urban districts to build an assessment system to measure student progress toward meeting national standards at levels that are internationally benchmarked." The standards are built directly on content standards.

- It's about instruction, and only about instruction.
- Instructional change is a long-multi-stage process.
- Shared expertise drives instructional change.
- Focus should be on systemwide improvement.
- Good ideas come from talented people working together.
- Set clear expectations, then decentralize.
- Collegiality, caring and respect.

Every school in the district is held accountable through an annual goal-setting process. Each principal and school community conducts an "annual assessment of indicators to see where they started, where they are, and where they should/would like to be." The principals create Goals and Objectives for the year, including a plan of how they intend to achieve their objectives. The Goals and Objectives are the basis for numerous interactions between the Superintendent and the principals, including formal superintendent "walk-throughs" of every classroom in every school.

Each school's Goals and Objectives guide the development of its CEP and professional development plan. Principals choose from a menu of professional development options available through the district to best address the needs of each school's teachers, as determined during discussions with the superintendent.

In the past two years, the district's accountability procedures were tightened. "We've really pushed to define more accountable standards," Superintendent Fink said. "Because we insist on schools knowing, and tracking, the performance and progress of each student, we can see – and schools can see – how many students are not meeting the standard in English Language Arts and Math. We hold each principal and teacher accountable for student performance on specific performance standards. And the standards help us to specify the improvement we want to see and to focus more intensively on how to produce that improvement."

Superintendent Fink said that the capacity of her district's schools to use data improved significantly across the previous two years. "We've created a very intensive focus on data," particularly data disaggregated by quartile. But the superintendent cautioned that she didn't "want to kill the schools with data." A lot more goes into evaluating students and schools than scores alone, she said. "My walk-throughs -- which I do on a regular basis -- give me a much better picture of the whole school. After my walk-through, I'm not surprised at the school's data. The data are very helpful when planning interventions and understanding which ones are effective."

"Accountability is not just about student data," Superintendent Fink stated. "It's about improving teacher performance through professional development. It's about creating a school community of learning with your entire staff. It's about creating teacher leaders in your school. It's about creating an environment of support for constant growth with the principal at the helm, leading it."

In District 2's view, small schools are the best places to nurture such environments. The average school size in District 2 is 468 students, very small by New York City public school standards.[10] District 2's intense focus on instructional improvement and professional development determines how it utilizes its budget. The district makes a clear choice on how to spend its limited dollars: it invests in professional development and the creation of small school communities.

In 1998-99, District 2 spent 7.6% of its total allocation on professional development, compared to 2.1% in the typical non-PDB district. The district's investment in smaller schools results in higher principal costs as well. Since every school requires a principal, more schools mean more principals. District 2 spends 2.3% of its total allocation on principals, compared to an average of 1.7% in the typical non-PDB district.

Table 3.3: Percent of District 2 funds budgeted for professional development

	District 2	Non-PDB districts
Professional development	**7.6%**	**2.1%**
Principals	2.3%	1.7%
Teachers & paraprofessionals	59.6%	64.2%
Support staff (AP, supervisors, secretaries, school aides, etc)	5.9%	7.3%

*Source: 1998-99 School-Based Budget Report

District 2's commitment to professional development and small schools takes priority over other possible uses of district resources. As a result, District 2 spends a lower percentage of its funds on classroom teachers than does the typical non-PDB district. The district also spends a lower percentage of its funds on paraprofessionals, assistant principals, other supervisors, school aides and secretaries.

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[10] Only three districts in New York City have a smaller average school size – Districts 1, 3 and 4.

Development of School Leadership Teams

District 2 is typical of community school districts in New York City in that the district supports two districtwide parent groups: a Presidents Council, with representatives from each school's PA/PTA; and a Title I/PCEN Parents Advisory Council. In addition, District 2 has a Parent Standards Group, an important element of its educational focus. The Parent Standards Group meets with the district's Parent Liaison to identify parent concerns and help develop effective ways to communicate with families about the New Standards the district is implementing. District 2 schools interact with their parents in a variety of ways, mostly centered around improving parent understanding of, and support for, standards-based instruction and student learning.

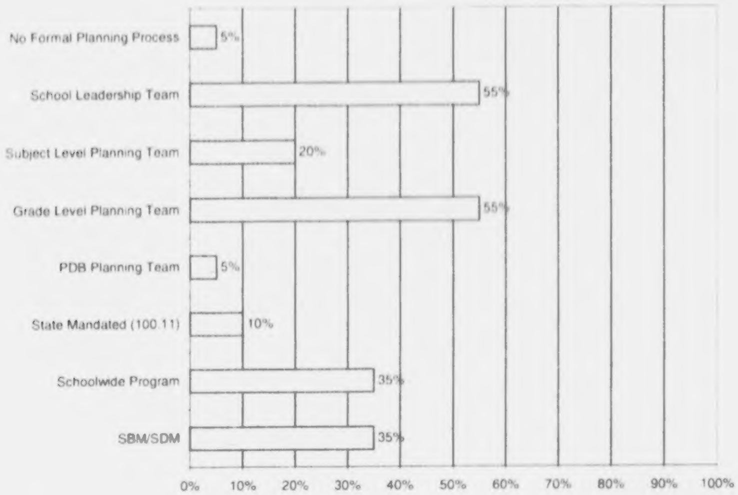
One vehicle for school-level collaboration is the School Based Standards Team, consisting of each school's principal and representatives of its teachers and professional development staff. This team is part of an ongoing school-level conversation about instructional improvement and student learning.

Principals are responsible for working with their parents and staff to ensure that the school environment is most conducive to student learning. District 2's principals take different approaches to collaboration with school constituencies. They know that they are responsible for compliance with state and city mandates, including the SLT plan. They are expected to comply with those mandates in the context of the District 2 focus on instructional improvement. In schools where formal planning teams existed, they were left in place; in schools where no formal planning teams existed, the district asked the principal to create a planning team. The district also reached out to parents to encourage parent participation.

Superintendent Fink indicated that there was some tension within the district about a forced change to a new mode of school-based management. "If what [principals] have is effective, they don't understand why every school's team has to look the same. Principals feel they're being held accountable for decisions teams now will have the authority to make. Also, it takes up a great deal of time, when it may not be necessary. Successful schools should be allowed to continue to use the structures they've developed."

In response to a question about the type of planning process in their school, planning team members in the six District 2 schools we surveyed tended to characterize their teams as school leadership teams and as grade-level planning teams.[11]

Chart 3.1:



Planning teams in these schools had an average of six members in both years of our study.[12]

Table 3.4: Composition of District 2 School Planning Teams

	Average number of team members, 1997-98	Average number of team members, 1998-99
Teachers	2.5	2.7
Parents	2.0	1.8
Principals	1	1
Other	0.7	0.3
Team size	6.2	5.8

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[11] Respondents were asked to indicate as many types of planning processes as were applicable to their school's team. There were 20 survey respondents in District 2. It should be noted that half the district's schools participating in this survey did not have Title I status and thus were not eligible to participate in a Title I SchoolWide Program.

[12] These data are based on the school information forms completed by the principals of the six schools in the study.

In District 2, training for team members reinforces the district's intense focus on improving instruction and student outcomes. District 2 provided training sessions to inform school constituencies about the SLT policy requirements. District workshops were presented on consensus building, team processes and how to establish and budget for school priorities. The district emphasized training in how to analyze student performance data at the school, grade, classroom and individual student levels. Training has also begun on CEP development.

About half the survey respondents in District 2 indicated that they received some training for their work on the planning team. About half also indicated that their team received training in how to understand student performance data and in effective team decision-making. More than half said their team received training in how to read a budget and in understanding the budgeting process.

School Planning and Budgeting

District 2 leadership makes explicit the "critical link" between the school's goals and objectives and its budget. "Schools have to show what resources they're allocating for professional development and how each component of that expenditure is linked to each part of their plan. I used to have schools staple their budgets to their plans," said Superintendent Fink. "Now I ask them to talk about how they're using their resources in narrative form within their plan."

All schools in District 2 are treated the same for budgeting purposes. "We don't need to do differentiation," said Director of Operations Robert Wilson. "We have eight principal mentors who support the new principals." However, the lowest-performing schools in the district are "held on a tighter rein," said Superintendent Fink, when it comes to determining their instructional improvement plans (which drive their budgets).

District 2's policy is to allocate to the schools the largest possible percentage of the district's allocation, and to give it in such a way that the schools have maximum budgeting flexibility. That percentage has increased over the past four years, said Superintendent Fink. The district used to hold back "a significant percentage of funds for initiatives we wanted to mount. Now the schools get everything. We hold back nothing." To the extent that schools do not need their entire allocations for their intended purposes, they may use the money as they see fit. Two of the allocations schools receive are to cover per diem teacher (substitute) expenses and telephone costs.

The district's tax levy funds are allocated to the schools according to clearly-articulated register-driven formulas. These allocations may be used at the discretion of the school, once city and state mandates are met. For example, schools receive a tax levy allocation for school support – supervisors, secretaries, school aides, etc – but schools do not have to use it in any specific way or even for school support personnel. Reimbursable funds are also allocated by formula, and can also be budgeted at the discretion of the school, in accordance with the programmatic requirements of the funding source.

The district has two targeted district-wide allocations provided for specific initiatives: Reading Recovery/Early Intervention and Professional Development. Schools must use the former allocation for Reading Recovery or for another early intervention program approved by the superintendent. When budgeting the professional development allocation, schools "can choose the professional development they want from a menu of options, or they can develop an alternative approach that must be approved by the superintendent," Director of Operations Robert Wilson said.

Since school allocations and budgets are made public, every school knows how much money all other schools have received and how they have budgeted their allocations.

District 2, which developed and implemented the prototype Galaxy budgeting system, is one of five PDB Phase I districts piloting the Galaxy 2000 budgeting system for the 1999-2000 school year. In June, the district held a series of workshops for principals at which Director of Operations Wilson distributed an allocation memo detailing the initial allocations to the schools, with instructions for scheduling the allocations. The workshops also introduced the principals to the new Galaxy 2000 program. Within two weeks the principals submitted final budgets, via the Galaxy 2000 system, to the district, which aggregated the school budgets into its comprehensive district budget.

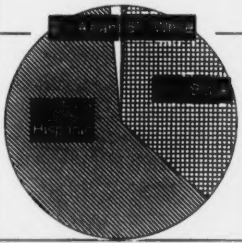
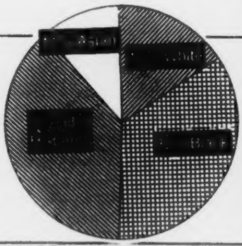
District 2 team members we surveyed indicated that their teams participated in instructional planning. When we asked what kinds of changes in instructional programs their teams had recommended in response to student needs, almost half (8 out of 20) responded with specific written examples. Some of the recommended changes were: afterschool remedial programs, extended day and other intervention programs, and additional staff positions (like Reading Recovery) and materials.

All schools in District 2 have been using a Galaxy prototype system for a number of years. Perhaps as a consequence, team involvement in budgeting is high. Seventy-five percent of the District 2 team members reported that they participated in developing their school's budget.

COMMUNITY SCHOOL DISTRICT 9

	CSD 9	Average of all CSDs
Number of students*	30,585	22,895
Number of students per school	927	789
Number of schools*	33	
Number of Title I schools**	33	
Number of SURR schools***	6	97 (total)
Principal turnover: 1998-99 to 1999-00*****	36%	

Fully licensed	71%	85%
More than 5 years' experience	61%	62%
Average days absent	9.6	9.0
Average salary****	$41,231	$43,314

Eligible for free lunch	93%	76%
English Language Learners	26%	17%
Days attended	87.9%	90.6%
Reading at/above grade level (elementary)	35.7%	51.3%
At/above grade level in math (elementary)	46.1%	62.9%
Reading at/above grade level (middle school)	28.8%	47.1%
At/above grade level in math (middle school)	28.8%	58.0%
Race and Ethnicity		

Sources: All data is from the 1997-98 Annual School Report of the New York City Board of Education, except as noted:

* 1998-99 Phase I districts' DCEPs

** 1998-99 School Based Expenditure Reports, New York City Board of Education

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District 9[13] is located in the Southwest Bronx, in the poorest Congressional district in the country. In 1998-99, District 9 had 33 schools: 25 elementary and 8 middle schools, all of which have Title I status. Six schools were designated by the state as SURR schools – Schools Under Registration Review – because of low performance. Three District 9 schools have been participating as pilot schools in the PDB initiative: CES 42, CES 126 and CES 148.[14] Maria Santory-Guasp has been the Superintendent since 1996.

Building Accountability on a Base of Fiscal Responsibility

Since 1991, District 9, as indicated in its District Comprehensive Education Plan, "continues to demonstrate an exemplary level of fiscal responsibility, effective budget management and integrity." The district's PDB efforts are built upon a well-developed school-based budgeting system that, along with Title I SchoolWide Programs (SWP), gave the district's schools some measure of control over their budgeting and spending.

With the advent of PDB and the appointment of Superintendent Guasp, formerly Chief Executive for Instruction and Student Support Services at the New York City Board of Education, the district turned its attention to linking its budgeting process to improved student performance. The district now emphasizes improving literacy and providing school- and district-level professional development.

Student performance data are used extensively in the district's accountability system. When the superintendent meets with principals at the beginning of the school year on their goals and objectives, "we look at the data and discuss how many percentage points they feel can be improved. We monitor this on an ongoing basis. . . Last year, of thirty-three schools, twenty-one met their targets," she said.

The district emphasizes use of student performance data at the school level, and makes all school data public. "I discuss them widely and develop a school-by-school comparison with the previous year," said Ms. Guasp. She feels that Central's data analyses have improved and are more user-friendly and useful to school teams. Disaggregated by grade, they "point out strengths and weaknesses and inform [school level] planning."

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[13] This description is based on District 9's 1996 PDB proposal; May 1997 PDB Strategic Plan; FY 99 and FY 00 PDB Budget Planning Plan Book; FY 00 initial district allocations; "Budgeting Made Easy"; FY 00 DCEP; selected FY 00 school budgets; April 1999 Draft District Plan for School Leadership Teams; interviews with Superintendent Maria Santory-Guasp and Director of Operations Vincent Clark; miscellaneous district memoranda. Also: 1998-99 School Based Budget Report.

[14] Although District 9 was included in Phase I of the PDB initiative, the district was not expected to begin implementing PDB until 1998-99. Therefore, this evaluation does not include surveys or observations of District 9 planning teams or other District 9 PDB activities.

School Planning Teams

Since the 1990-91 school year, District 9 has been encouraging its schools to become Title I SchoolWide Program schools. Thirty-one of the district's thirty-three schools are now SWP schools, each with a school planning team.

The district introduced the Chancellor's School Leadership Team Plan by "engaging teams in discussion around the legislation and what they needed to include," said Superintendent Guasp. "Once the plan came out, we disseminated it to every principal, every UFT chapter chairperson and every PA president. Then, at a principals' conference and the CEP conference, it was on the agenda. We answered questions and discussed it."

The district provides two four-hour training sessions in finance for principals, SWP teams and school secretaries. This past year, the district used outside consultants to conduct two-day training sessions with school teams on "group dynamics, school leadership etc. At least one parent came from each school, up to three to four parents per school. It was very successful and will be repeated next year."

The District Leadership Team met for the first time in March 1999 to develop its draft District Plan for School Leadership Teams. The main role of the team is to "help schools move their own agendas."

School Planning and Budgeting

The SWP planning team experience was valuable training for school planning and budgeting activities in District 9, said Director of Operations Vincent Clark. Over the two years of the district's involvement in the PDB initiative, the school teams began to engage "in a combined program and budget planning process, involving all funding sources -- general education, special education, and funded programs."

Four key school leadership team members -- principal, UFT chapter chair, parent association president and school leadership team chairperson -- attended an annual all-day CEP training conference, initially designed only for PDB schools, but expanded for the past two years to include all district schools. The conference helped the teams prepare effective CEPs and link them with their budgets. "We begin with city and district initiatives so that everyone starts on the same page, and instructional planning is aligned with city and district goals," said Mr. Clark. The planning process culminates in an individual conference between the principal and the superintendent and other district staff, to "discuss the school's programmatic needs and planned use of allocated funds."

Mr. Clark indicated that all schools are treated equally for budgeting purposes: "all schools have the same discretion. The schools determine the majority of non-mandated positions. In my estimation, we're far ahead in the way we treat our schools in the discretion allowed in funding decisions."

In District 9, where all school allocations and budgets have been made public for many years, allocations are made according to formulas explicitly outlined in the district's Planning Book. This year, District 9 changed its tax levy allocation process from a "part position allocation and part dollar allocation" approach to an "all dollar allocation" approach. The district's allocation categories were set up "to mirror program activities in the schools." This year the district gave schools control over more money than in the past – e.g., per diem (substitute teacher) and per session allocations. "They have to be more careful" with these funds, said Mr. Clark.

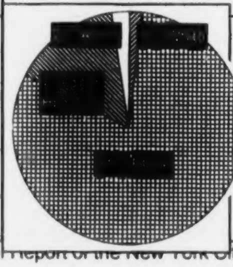
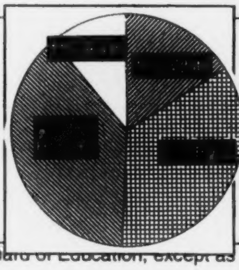
District 9 is one of the five PDB Phase I districts piloting the Galaxy 2000 budgeting system for the 1999-2000 school year. In June, the district held a principals' conference at which Director of Operations Clark distributed an allocation memo detailing the district's initial allocations to the schools, and instructions for scheduling the allocations. At the conference, which marked the introduction of the new Galaxy 2000 program, the principals also received on-line access to their school's allocation. Superintendent Guasp asked principals to look at their allocation programmatically, as they modified their school plans to incorporate new Middle School Promotion and Class Size Reduction funds.

The principals submitted budgets, via the Galaxy 2000 system, to the district, which aggregated the school budgets into its comprehensive district budget.

COMMUNITY SCHOOL DISTRICT 13

	CSD 13	Average of all CSDs
Number of students*	15,606	22,895
Number of students per school	679	789
Number of schools*	23	
Number of Title I schools**	22	
Number of SURR schools***	3	97 (total)
Principal turnover: 1998-99 to 1999-00*****	9%	

Fully licensed	74%	85%
More than 5 years' experience	57%	62%
Average days absent	9.0	9.0
Average salary****	$41,024	$43,314

Eligible for free lunch	87%	76%
English Language Learners	5%	17%
Days attended	88.7%	90.6%
Reading at/above grade level (elementary)	42.3%	51.3%
At/above grade level in math (elementary)	55.6%	62.9%
Reading at/above grade level (middle school)	44.5%	47.1%
At/above grade level in math (middle school)	50.8%	58.0%
Race and Ethnicity		

Sources: All data is from the 1997-98 Annual School [illegible] except as noted:

* 1998-99 Phase I districts' DCEPs

** 1998-99 School Based Expenditure Reports, New York City Board of Education

*** January 10, 2000 Press Release

**** 1997-98 School Based Expenditure Reports, New York City Board of Education

***** Based on data from July 1999 interviews with Phase I district directors of operations

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District 13[15] is located in northwest Brooklyn. In 1998-99, District 13 had 23 schools: 18 elementary schools, 4 middle schools and 1 high school, of which 22 had Title I status. Three schools were designated by the state as SURR schools – Schools Under Registration Review – because of low performance. Seven District 13 schools have been participating as pilot schools in the Performance Driven Budgeting initiative: PS 3, 8, 11, 44, 282 and 287, as well as JHS 113. Dr. Lester Young, Jr., has been the district superintendent since 1993.

Background to PDB Implementation: The Comer School Development Model

Dr. Young introduced the Comer School Development Model to District 13 shortly after he began to lead District 13 in 1993. Developed by Dr. James Comer of Yale University, this model uses child development and relationship theories to make school policies and practices more child-centered and to strengthen home-school-community relationships. The district uses the model as a way to organize, coordinate and integrate school and district activities, and to provide a framework for communication and planning.

The district invests heavily in training its principals, staff and parents in the Comer philosophy and methodology. Additional annual districtwide planning retreats involve parents, teachers, administrators, support staff and community and business liaisons. A District Steering Committee helps the district and its schools implement the Comer School Development Program. A Business Advisory Committee links the business community to the schools.

The district has four goals that flow from its involvement with the Comer program: to increase student academic outcomes, enhance student social development, strengthen parent effectiveness in improving student outcomes, and improve organizational and staff effectiveness.

School Leadership Teams

Under the Comer model there are three teams in each school. The Parent Team and the Student and Staff Support Team ("CARE" teams -- Children are Reason Enough

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[15] This description is based on District 13's 1996 PDB proposal; May 1997 PDB Strategies; Model District Implementation Plan; FY 99 and 00 initial district allocations; selected FY 00 CEPs and school budgets; interviews with Superintendent Lester Young, Deputy Superintendent Yvette Douglas and Director of Operations Efrain Villafane; miscellaneous district and school memoranda, reports, agendas, and other materials; observations of SLT meetings, retreat, PTA meeting and staff meeting and interview in one of District 13's schools. Also: 1998-99 School Based Budget Report.

-- in District 13 parlance) provide input to the School Planning and Management Team, which develops a comprehensive school plan. The plan covers curriculum, instruction and assessment, and sets social and academic goals for the school.

Throughout the year, teams are charged with the responsibility to use data in an ongoing assessment, modification and monitoring of the plan's implementation, and to employ "effective resource utilization." Team processes emphasize consensus, collaboration and no-fault decision-making. The CARE teams "integrate mental health personnel into the school" and handle individual and school-wide prevention and intervention issues.

All District 13 schools are Comer schools, with Comer facilitators and parent facilitators, trained in conflict resolution and team building, in each school.

The development of the district's Model District Implementation Plan[16] during the 1998-99 year was an example of the Comer process in operation. The entire District 13 community collaboratively developed recommendations, with input from both the formal parent, principal and teacher representatives, as well as from cross-constituency committees. Public presentations were made with much public interest and participation.

This year, the District Steering Committee helped coordinate and integrate the Comer model with the Chancellors' School Leadership Team (SLT) plan. The district committee put guidelines in place about SLT size, when team elections should be held and how to develop team bylaws. At the same time, the district committee does not deal with budget issues.

Deputy Superintendent Yvette Douglass said it took more than a year for the district to clarify to the school communities what an SLT is and what its functions are in relation to the existing Comer model. The district held community meetings and parent meetings to explain the SLT initiative. "We thought about how to present this as not just another regulation – I showed them that it was like our Comer model. The focus of the model and the Chancellors plan for SLTs is the same – to bring teams of parents, teachers, administrators and other school staff together to work constructively to set the educational direction of the school, with a constant focus on student achievement."

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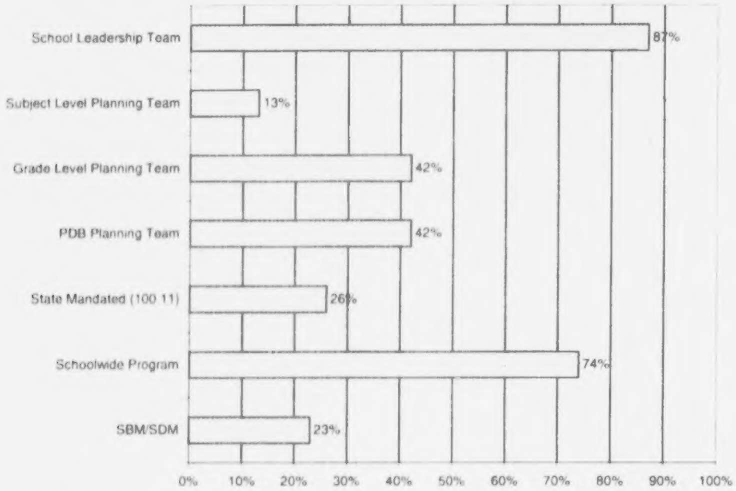
[16] During the 1998-99 school year, Districts 13 and 22 were invited to submit plans describing what they would do with greater freedom from instructional mandates and more money to implement their plans. In September 1999, the Chancellor approved a Model District plan that was much smaller in scope and funding than the plan District 13 submitted.

Planning team members in District 13's seven PDB schools, in response to a question about the type of formal planning process their school employed, tend to characterize their teams as school leadership teams and as SchoolWide Program committees.[17] This reflects the fact that the district has encouraged its schools to participate in the Title I SchoolWide Program.

Chart 3.2:



In both years of our study, the District 13 PDB school planning teams had a large number of teachers and parents, with average number of parents increasing from the first year to the second.[18]

Table 3.7: Composition of District 13 school planning teams

	Average number of team members, 1997-98	Average number of team members, 1998-99
Teachers	7.4	7.1
Parents	4.3	5.6
Principals	1	1
Other	2.9	2.9
Team size	15.6	16.6

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[17] Respondents were asked to indicate as many types of planning processes as were applicable to their school's team. There were 31 survey respondents in District 13.

[18] These data are based on the school information forms completed by the principals of the seven schools in the study.

The district strongly supports team collaborative decision-making with a "no-fault" approach. When there is a conflict on the team that can't be resolved, however, the district "tries to let the facilitators handle it," said Ms. Douglass. "We ask that all things be done fairly and that teams follow all regulations and document everything in case there is a conflict later."

The district trains school teams and team members in many areas. While half of the survey respondents on the District 13 PDB teams indicated that they personally received some training for their work on the team, one principal commented, "not every member of the team got the training in all areas mentioned."

Fifty-eight percent of the survey respondents indicated that their team received training in effective team decision-making. Almost half reported that their team received training in understanding student performance data. A District 13 principal with whom we spoke rated the district's efforts in this area very highly.

School Planning and Budgeting

District 13 has developed a differentiated approach to the level of autonomy granted its schools. Deputy Superintendent Douglass said that the district's "stable schools are in PDB, a level below are the SchoolWide Project schools." Superintendent Young divides the district's schools into four tiers based on students' academic performance: schools are self-directed, co-directed, special focus or superintendent-directed.

The district would like to eventually move all its schools toward the greater independence enjoyed by the PDB schools. Ms. Douglass cautioned that teams "must be stable, be able to do an educational plan and match the plan to a budget" to be granted greater autonomy. One problem, in Ms Douglass' view, is that "[t]here are so many regulations and we need to constantly do training. We [also] need to have someone at the school level who has time to track fiscal matters and be a monitor."

District 13 uses a formula-driven approach to allocate positions and dollars to its schools. Flexibility is inherent in some of the allocations – e.g., the budget request allocation ("Standards" money) that District 13 gave its schools as a discretionary allocation to be used to meet the Chancellor's standards. In the spring, after developing their instructional plans and proposed budgets, school personnel have a conversation with district leadership in which they explain their plans and how they intend to use their allocation. Schools can propose to organize themselves with different positions than those allocated by the district. This conversation is "when we talk about flexibility with the schools," said Director of Operations Efrain Villafane.

The job of the district's director of operations, said Mr.Villafane, is to make sure that the positions negotiated between the schools and the district are covered by the allocations the district receives from Central. District 13 wants to "get to the point where we give the schools an allocation – whether based on a per capita allocation or by formula – and [the schools] define the programs," said Mr. Villafane.

Since school allocations and budgets are made public, every school knows how much all other schools have received and how they have budgeted their allocations.

The district is one of the five PDB Phase I districts piloting the Galaxy 2000 budgeting system for the 1999-2000 school year. In June, the district distributed allocations to its schools and introduced its principals to the Galaxy 2000 program. The principals submitted budgets -- via the Galaxy 2000 system -- to the district, which aggregated the school budgets into its comprehensive district budget.

Within District 13, the schools participating in the PDB initiative have the most independence and flexibility with instructional planning and budgeting.

District 13 team members we surveyed indicated that their teams participated in instructional planning. More than half (17 out of 31) responded, with specific written examples, when asked what kinds of changes in instructional programs their teams had recommended in response to student needs. Some examples of recommended changes were: specific programs to improve reading, writing and math; small reading groupings; reading incentives for students; smaller class sizes in specific grades; staff for additional remediation, support and professional development; extended day programs; and block scheduling.

Superintendent Young places great emphasis on the use of student data to inform instructional planning. "Ultimately, the utility of data depends on each school's capacity to analyze, understand and use [student data] and we're moving with building that capacity all the time," he said. "The district needs more time to build the capacity of schools to use data for instructional planning."

The participation of the district's PDB teams in budgeting is fairly high. When asked if they participated in developing their school's budget, 61% of the District 13 team members reported that they did.

A District 13 SLT at Work

For the two years of this study, we observed the school planning team in one of the district's junior high schools. This school has several distinct sub-schools. Its planning team exhibited a consistent focus on student needs and outcomes, discussing issues such as testing, promotion, graduation and summer school, all from a child development standpoint.

At this school, instructional planning for the coming year is largely accomplished at a year-end, two-day school-wide retreat, attended by administrators, teachers, support staff, parents and students. The first task at the retreat we observed in May 1999 was to set the context for the next year's planning within the Comer child development framework.

After reviewing data from the annual school report, the principal pointed out areas of concern and elaborated on the school's vision. The group then established goals, examined the previous year's instructional plan, and looked at what worked and what didn't work. Student input into these discussions led to agreement about the need for greater assistance in developing student writing skills, based in part on feedback that graduates had difficulty with high school writing requirements. Teachers identified a need for increased collaboration among staff, and parents felt that more information had to be shared with parents about their individual child, upcoming citywide exams and expectations for students.

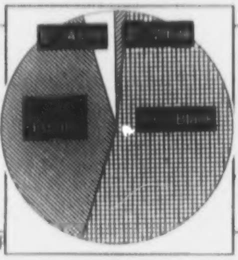
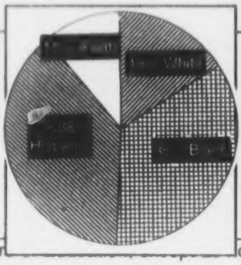
Once agreement was reached – by consensus – about student needs, the discussion at the retreat turned to the development of strategies that could be incorporated into the daily program of the subschools, taking into account academic requirements, the various subschool specialties, teacher availability, and equity across subschools. After the retreat, the principal met separately with the parents and staff to share the goals, identified needs, strategies and proposed program changes developed at the retreat. She invited participants to share their concerns at the meeting or in writing.

Subsequently, a CEP subcommittee formalized this plan and matched the school's allocation to the CEP.

COMMUNITY SCHOOL DISTRICT 19

	CSD 19	Average of all CSDs
Number of students*	24,390	22,895
Number of students per school	813	789
Number of schools*	30	
Number of Title I schools**	30	
Number of SURR schools***	7	97 (total)
Principal turnover: 1998-99 to 1999-00*****	27%	

Fully licensed	80%	85%
More than 5 years' experience	60%	62%
Average days absent	10.0	9.0
Average salary****	$42,055	$43,314

Eligible for free lunch	90%	76%
English Language Learners	16%	17%
Days attended	89.2%	90.6%
Reading at/above grade level (elementary)	35.5%	51.3%
At/above grade level in math (elementary)	43.3%	62.9%
Reading at/above grade level (middle school)	34.8%	47.1%
At/above grade level in math (middle school)	43.0%	58.0%
Race and Ethnicity		

Sources: All data is from the 1997-98 Annual School Boar oted:

* 1998-99 Phase I districts' DCEPs

** 1998-99 School Based Expenditure Reports, New York City Board of Education

*** January 10, 2000 New York State Education Department Press Release

**** 1997-98 School Based Expenditure Reports, New York City Board of Education

***** Based on data from July 1999 interviews with Phase I district directors of operations

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District 19[19] is located in eastern Brooklyn. In 1998-99, District 19 had 30 schools: 22 elementary and 8 middle schools, all of which have Title I status. Seven schools were designated as SURR schools – Schools Under Registration Review – for low performance. Four schools have been participating as pilot schools in the PDB initiative: PS 7, PS 345, IS 292 and the East New York Academy. Robert Riccobono was the Superintendent of District 19 from 1996 through June 1999, when the Chancellor removed him; Joan Mahon-Powell is the Acting Superintendent.

Focusing Schools on Instruction

Former Superintendent Riccobono sought to involve District 19 in PDB to help schools integrate a consistent focus on learning with the ability to budget flexibly. "Schools are too often organized for control of children and convenience of teachers," he said. Under PDB, "schools make their choices built on instructional goals. The school has to be developed as a player in the budget process, which it never was. Principals have to be made aware of their role – train them and their staff to participate. It's a big change. It's very difficult to communicate to the schools that they have this power and responsibility." One District 19 principal reported, "This is new. The budget is in the hands of the schools. None of this existed in the past. For the first time, the school has the ability to make itself into a good school."

District 19 also became a "Breakthrough for Learning" district in 1998-99. According to Breakthrough for Learning, the goal of this collaboration between the New York City Partnership and the Board of Education is to "help underperforming public school districts transform themselves into high-performing educational enterprises. Through a combination of monetary incentives, professional development, recruitment, and other forms of strategic support, the Breakthrough for Learning program helps districts to build an organizational culture that rewards excellence, values innovation, and demands accountability."[20]

The superintendent felt that some of the activities initiated under Breakthrough were helpful in focusing on the need for improving academic results. Both the benchmark testing and the establishment of goals for students, initiated under

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[19] This description is based on District 19's 1996 PDB proposal; FY 00 DCEP; FY 00 initial district allocations; selected FY 00 CEPs and school budgets; Breakthrough for Learning material; New York Times article; interviews with Superintendent Robert Riccobono and Director of Operations Magda Dekki; and one school interview and miscellaneous school memoranda, reports, agendas, minutes and other materials. Also: 1998-99 School Based Budget Report.

[20] Undated document from Breakthrough for Learning

Breakthrough, for example, "had an effect on where resources were placed. Schools had an ability to place the resources where they were needed."

To increase the capacity of District 19 schools to shift their focus from compliance to instruction, the superintendent established a formal mentoring relationship with District 2 for selected District 19 teachers, assistant principals, principals and district staff (including the superintendent). A dozen District 19 assistant principals, for example, received two days per week of mentoring in instructional supervision from District 2 master principals. In addition, a number of teachers, whom the district wanted to train as supervisors, received graduate level training at district expense.

District 19 budgeted significantly more of its total budget on professional development activities in 1998-99 than it did in 1997-98: 4.5% in 1998-99 vs 2.7% in the previous year. The 4.5% budgeted amount for 1998-99 was also twice as much as the typical non-PDB district: 4.5% in District 19 versus 2.1% in the non-PDB districts.[21]

The superintendent held principals accountable for instructional improvement in their schools. "We haven't granted tenure in two years," the superintendent said in May 1999. "We made a lot of changes in leadership since I took over in June 1996. About half of the schools have new leaders. Some were fired, others were removed from Interim Acting status. Some were pressured to retire or took extended medical leave. Some sitting principals have extended probation. The problem we have is that there's no pool of principals out there, because of the lack of a contract." By September 1999, nine schools had new leadership.

School capacity to make use of student performance data did improve over the two years of PDB implementation. "We hammer it home," said Mr. Riccobono. The data supplied by both Central and by the Breakthrough initiative were useful, he said, although timeliness was a problem. The district downloads student performance data from the ATS system and "reworks it" to make it more useful to schools.

Superintendent Riccobono said, "The Breakthrough data includes the Test Progress Report which gives us information by grade/class/student. The principals said they were pleased with this additional information, although there was a timing problem. The test results were supposed to come back to us within two weeks, but they didn't, so schools didn't have the time they needed to make changes before the next round of testing."

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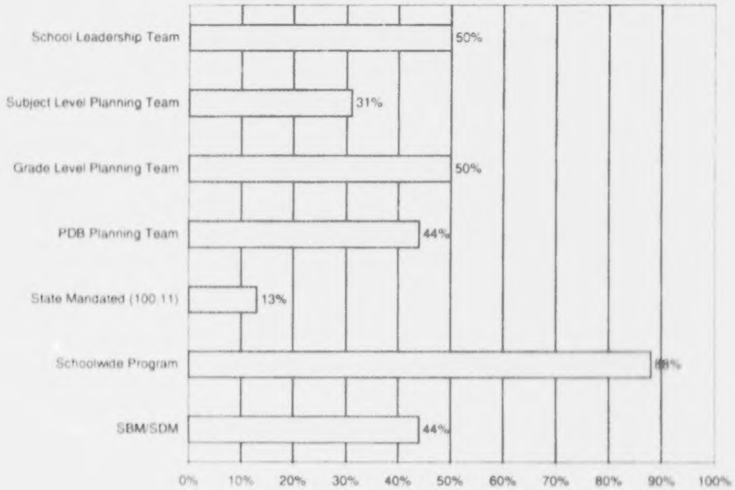
[21] 1997-98 and 1998-99 School-Based Budget Reports

School Leadership Teams

District 19 School Leadership Teams developed from the district's Title I SchoolWide Program (SWP) planning teams. Twenty-nine of the district's thirty schools have SWP status. According to Director of Operations Magda Dekki, there was no problem in converting the SWP teams into School Leadership Teams "because SWP teams are 51% parents. The only issue is that we had to limit the teams to 18 people, with no more than nine staff. The concepts of PDB, school budgets and school teams are known throughout the district."

Planning team members in District 19's four PDB Phase I schools, when asked to identify what type of formal planning process they had, tended to characterize their teams primarily as school wide program committees.[22]

Chart 3.3:



The size of school planning teams in the four PDB Phase I schools doubled in the first two years of PDB implementation, from an average of 8 members, to an average of 17 members.[23]

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[22] Respondents were asked to indicate as many types of planning processes as were applicable to their school's team. There were 16 survey respondents in District 19.

[23] This data is based on school information forms completed by the four schools in the study

Table 3.9: Composition of District 19 school planning teams

	Average number of team members, 1997-98	Average number of team members, 1998-99
Teachers	**3.0**	**5.8**
Parents	2.3	7.5
Principals	1	1
Other	2	3
Team size	8.3	17.3

District and school staff reported that there was significant parent turnover on District 19's PDB teams. Some schools had difficulty recruiting parents to be active on the teams. The experience of one District 19 PDB school may be common in high-poverty schools. The principal explained that a number of that school's "parents applied for [Circular 6 school aide] jobs. Other parents became WEP workers. This stripped our PTA of active parents."

The teams, and especially the principals, received support and training in needs assessment and instructional planning from the district. Thirty-one percent of the respondents reported that they had received training for their work on the planning team. This relatively low percentage may be related to the large number of new team members in 1998-99 and to the time team members may have spent on the district's extensive staff training in curriculum areas.

School Planning and Budgeting

All District 19 schools have been preparing CEPs for three years. What changed in District 19 was a realization at the school level that "they have the resources to support the CEP," said the superintendent. "The CEP used to be a mission statement, not a real plan. Now that they have the resources, they see it as a tool. We're getting there."

What has also changed is the role of the principal. "You always had a role in developing the CEP," said Director of Operations Dekki at the district's annual allocation conference, "but now you have a new role. Before we gave you money and you did planning, but you didn't know how your plans got translated into a budget."

At the conference, Ms. Dekki distributed a memo detailing the initial allocations to the schools, with instructions for scheduling the allocations. The new Galaxy program was introduced and the principals were given on-line access to their school's allocation. They had some familiarity with Galaxy in the district because its Phase I PDB schools had been using a prototype Galaxy system developed by District 2. The principals submitted budgets, via the Galaxy 2000 system, to the district, which aggregated the school budgets into its comprehensive district budget.

District 19 is one of the five PDB Phase I districts piloting the Galaxy 2000 budgeting system for the 1999-2000 school year. However, the district has been allocating funds to its schools for five years. Initially, the tax levy allocation was made on a strictly formula-driven, position allocation basis – e.g., if the school had 500 students, it was allocated one assistant principal position. For the 1997-98, 1998-99 and 1999-00 school years, schools were given a basic instruction allocation, based on register, with the remainder of the tax levy funds given as a flexible per capita allocation. The only exceptions were the categorical tax levy funding sources such as Project Read and Project Arts, which mandated specific programs.

For the last five years, District 19 reimbursable funds have been allocated strictly according to the number of eligible students. Schools are told to budget the money in accordance with the appropriate programmatic guidelines. This allows considerable school-level flexibility, since all District 19 schools are SWP schools.

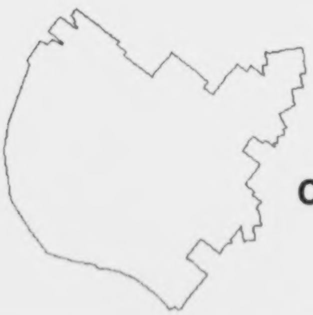
In June 1999, after school teams completed their planning and budgeting, and matched their actual allocations to their CEPs, the principal, UFT rep and PTA president of each school met as a team with the Director of Operations. The school had to show how the budget was derived from the CEP. The district and the school signed a "contract." Team members' signatures on the contract indicated that they agreed on two components: one was the school's budget for the allocation it just received, and the other was its prioritized "wish list" for any future dollars the district may receive after the school submits its budget.

Since school allocations and budgets are made public, every school knows how much money all other schools have received and how they have budgeted their allocations.

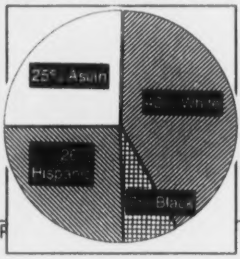
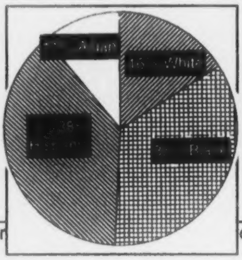
District 19 team members we surveyed indicated their teams participated in instructional planning and budgeting.

More than half (9 out of 16) of the team members responded, with specific written examples, when we asked what kinds of changes in instructional programs their teams had recommended in response to student needs. Some examples of recommended changes were: creating mini-schools, implementing Success for All, implementing new math programs, targeting English Language Learners, initiating small group tutoring, and restructuring the cluster teacher program.

A very high percentage -- eighty-one percent -- of the PDB team members we surveyed reported that they themselves participated in developing their school's budget.



COMMUNITY SCHOOL DISTRICT 20

	CSD 20	Average of all CSDs
Number of students*	27,096	22,895
Number of students per school	903	789
Number of schools*	30	
Number of Title I schools**	17	
Number of SURR schools***	0	97 (total)
Principal turnover: 1998-99 to 1999-00*****	3%	
Fully licensed	92%	85%
More than 5 years' experience	66%	62%
Average days absent	9.5	9.0
Average salary****	$45,778	$43,314
Eligible for free lunch	70%	76%
English Language Learners	26%	17%
Days attended	92.5%	90.6%
Reading at/above grade level (elementary)	64.7%	51.3%
At/above grade level in math (elementary)	80.5%	62.9%
Reading at/above grade level (middle school)	52.4%	47.1%
At/above grade level in math (middle school)	65.3%	58.0%
Race and Ethnicity		

Sources: All data is from the 1997-98 Annual School Boar oted:

* 1998-99 Phase I districts' DCEPs

** 1998-99 School Based Expenditure Reports, New York City Board of Education

*** January 10, 2000 New York State Education Department Press Release

**** 1997-98 School Based Expenditure Reports, New York City Board of Education

***** Based on data from July 1999 interviews with Phase I district directors of operations

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District 20[24] is located in southwest Brooklyn. In 1998-99, District 20 had 30 schools: 22 elementary schools and eight middle schools, 17 of which have Title I status. Three District 20 schools have been participating as pilot schools in the PDB initiative: PS 102, PS 187 and PS 200. Seven more schools joined the initiative in 1998-99.[25] Vincent Grippo has been the Superintendent since 1995.

Early Intervention and Prevention Focus in a Diverse District

The district's large increase in student enrollment in recent years has been fueled by immigration from dozens of nations throughout the world. "We have 60 languages spoken in homes here – everything from Urdu to Mandarin to Spanish," with a large number of new immigrants from Asian and Eastern European countries, said Superintendent Grippo. District 20 has "the fifth largest LEP population in the City of New York, and one of the most diverse." Twenty-six percent of the district's students are classified as English Language Learners.

Superintendent Grippo said that providing strong early childhood, prevention, and intervention programs is important to District 20. "This is our philosophy," said Mr. Grippo, adding that District 20 is committed to reducing inappropriate referrals to special education. He noted that the decentralization of the Committee on Special Education to district and school control "significantly impacted PDB in a positive way."

In support of its prevention philosophy, the district changed the roles of school-based support teams, reduced referrals to special education, increased decertifications of children from special education to general education, and began to offer speech and counseling services in general education "We have more flexibility now. SLTs are thinking differently -- they're looking at the whole [school] population."

School Leadership Teams

Most Title I-eligible schools in New York City have become SchoolWide Program (SWP) schools. In District 20, however, none of its Title I-eligible schools chose to become SWP schools prior to the district's participation in PDB. District 20 schools, a district official pointed out, are "very traditional and top down, and shy away from committees and change." Prior to the inception of PDB, some individual schools experimented with limited autonomy by creating new educational programs and/or managing grant budgets. However, collaborative planning and budgeting through teams incorporating different constituencies is not a tradition in District 20, either at the school or district levels.

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[24] This description is based on District 20's 1996 PDB proposal; FY 99 and 00 initial district allocations; FY 00 allocation documents; selected FY 00 school budgets; FY 00 DCEP; and interviews with Superintendent Vincent Grippo and Director of Operations Mark Gullo. Also: 1998-99 School Based Budget Report.

[25] Although District 20 was included in Phase I of the PDB initiative, the district was not expected to begin implementing PDB until 1998-99. Therefore, this evaluation does not include surveys or observations of District 20 planning teams or other District 20 PDB activities.

The superintendent wanted the district to join the PDB initiative during Phase I so the district would have a full three years to prepare for the kinds of changes that would need to occur in the district and its schools. The superintendent recognized that a lot of work has to be done, including extensive training of staff and parents. "One of the responsibilities for superintendents today is to loosen the reins in a flexible and responsible way. The goal is for every one of these schools to function independently," Superintendent Grippo said.

The SLT plan was introduced through principal conferences and workshops for staff and parents. "The ten PDB schools have achieved the 50% parent involvement requirement," said Superintendent Grippo, but "the real issue isn't the amount but the kind and quality of participation, which is why we want to increase training. We see parents as advocates." The district also budgeted a full-time position to assist schools in implementing the SLT plan.

School Planning and Budgeting

District 20 has been preparing its schools for PDB in a number of ways. For example, in 1998-99, the district distributed a $750,000 mid-year allocation to all thirty schools. SLTs in the ten PDB schools made recommendations to the district on how they wanted to use the money. In the twenty non-PDB schools, principals conferred with the PTA president and UFT chapter chair before submitting recommendations.

In both 1997-98 and 1998-99, District 20's PDB schools participated in Central's budget request process, enabling them to plan and budget that discretionary allocation. They were also allowed total discretion to budget certain discrete tax levy allocations. Based on their decisions with these allocations, the schools prepared budgets using cost factors and worksheets. Significantly, when the PDB schools were told that they could spend unused per diem (substitute) teacher dollars in other areas, they began, said Director of Operations Mark Gullo, to revise "their patterns of spending, holding down costs for substitutes. They are smarter about spending money and are taking more responsibility for the dollars they spend." The PDB SLTs were involved in all these decisions, as well as in decisions on how to modify their budgets.

District 20 did not allow school-level discretion in budgeting reimbursable or special education funds.

District 20 is one of the five PDB Phase I districts piloting the Galaxy 2000 budgeting system for the 1999-2000 school year. In June 1999, Galaxy 2000 was introduced, and brought several significant changes to the District 20 planning and budgeting process.

The first change was the need for _all_ the schools to create their 1999-2000 budgets in Galaxy. The district held a series of principal workshops at which Director of Operations Gullo distributed an allocation memo detailing the initial allocations to the schools, with instructions for scheduling the allocations. The workshops also introduced the principals to the Galaxy program and gave them on-line access to their school's allocation.

The second change was the Initial Allocation document itself. For the first time, the district presented _all_ the positions and dollars allocated to a school in _one place_. Principals and SLTs had seen allocations to their school for specific purposes, but they "had never seen on one page all the positions and dollars in their school. Principals knew their own school's positions, but not the dollars," said Director of Operations Gullo. Furthermore, the Initial Allocations document presented all the positions and dollars allocated to _all_ the schools in the district.

Discretion to determine the use of the allocations is still limited. In most cases, schools do "not have the latitude to vary from scheduling the position indicated in a program for your school," the allocation memo stated.

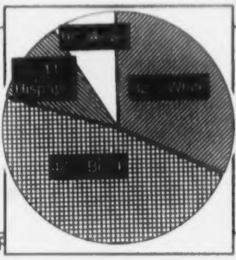
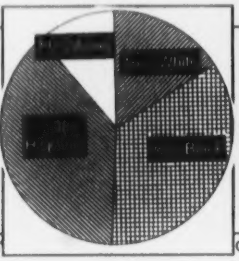
One area in which schools _do_ have discretion is the money accrued from temporarily unfilled general education tax levy positions. This was the source of the money the district distributed in the previous year's $750,000 mid-year allocation to the schools (see above). "Now the accruals will go to the schools," said Director of Operations Mark Gullo. Another area of discretion is the per diem substitute allocation. The district gave schools a generous per diem allocation equal to ten days per teacher per year, which is higher than the district's average teacher absentee rate.

The principals submitted budgets, via the Galaxy 2000 system, to the district, which aggregated the school budgets into its comprehensive district budget.

COMMUNITY SCHOOL DISTRICT 22

	CSD 22	Average of all CSDs
Number of students*	28,407	22,895
Number of students per school	1015	789
Number of schools*	30	
Number of Title I schools**	13	
Number of SURR schools***	0	97 (total)
Principal turnover: 1998-99 to 1999-00*****	13%	

Fully licensed	93 %	85%
More than 5 years' experience	61%	62%
Average days absent	8.4	9.0
Average salary****	$43,296	$43,314

Eligible for free lunch	63%	76%
English Language Learners	11%	17%
Days attended	92.2%	90.6%
Reading at/above grade level (elementary)	61.5%	51.3%
At/above grade level in math (elementary)	77.3%	62.9%
Reading at/above grade level (middle school)	60.5%	47.1%
At/above grade level in math (middle school)	73.9%	58.0%
Race and Ethnicity		

Sources: All data is from the 1997-98 Annual School Boar oted:

* 1998-99 Phase I districts' DCEPs

** 1998-99 School Based Expenditure Reports, New York City Board of Education

*** January 10, 2000 New York State Education Department Press Release

**** 1997-98 School Based Expenditure Reports, New York City Board of Education

***** Based on data from July 1999 interviews with Phase I district directors of operations

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District 22[26] is located in southeast Brooklyn. In 1998-99, the district had 28 schools: 23 elementary and five middle schools, thirteen of which have Title I status. The district expanded to 30 schools during the year. Ten of the district's schools were pilot schools in the first year (1997-1998) of the PDB initiative: PS 52, PS 119, PS 193, PS 206, PS 217, PS 222, PS 236, PS 312, IS 234 and IS 278. In 1998-99 all District 22 schools participated in PDB. John T. Comer has been the district's Superintendent since 1986.

Background to PDB Implementation: Collaborative Planning and Shared Decision-Making

District 22 leadership believes that, because each school is a unique community of teachers and learners, each school community should have the power to collaboratively create its own vision, establish its own goals and design its own strategies to improve student performance. For more than a decade, District 22 has been developing an approach to collaborative school decision-making that increasingly decentralizes responsibility for student outcomes to its schools.

- The District 22 approach to collaborative planning and shared decision-making can be traced to the district's statement of goals for the 1987-88 school year and to a district-wide principals' retreat that same year that focused on how to implement school decision-making. As a consequence, many District 22 schools developed curriculum committees and, later, school-based management committees.
- In 1990-91, P.S. 139 became the district's first school to implement the new Title I SchoolWide Program (SWP) that required the school community to plan collaboratively, observe models of literacy programs, and implement team-devised plans to improve instructional practice. The school's success in raising student achievement levels led its staff and principal to advocate within the district for an expansion of collaborative planning. Shortly after, four more District 22 Title I schools became SWP schools and were given the authority to merge their tax levy and Title I funds to serve all students in the school.
- In 1992-93, the district began to give schools allocations in some areas.

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[26] This description is based on District 22's November 1996 PDB proposal; FY 99 and FY 00 initial and miscellaneous subsequent district allocations; FY 00 DCEP; FY 99 School Based Planning Circulars; Model District Memorandum of Understanding; interviews with Superintendent John Comer, Deputy Directors Robert Radday and Jerry Schondorf and Facilitator for School Based Planning Kathy Rosenfeld; one school interview; miscellaneous district and school memoranda, reports, agendas, and other materials; observations of district finance and SLT courses, workshops and conferences; observations of SLT meetings and retreat in one of District 22's schools.

- In 1993-94, a District Planning Committee created a district plan with guidelines for the implementation of state-mandated school planning teams (100.11 committees). In the following year, all district schools implemented plans for collaborative decision-making.
- Since 1995-96, the district has offered an in-depth course on district and school finance. "We decided to teach people how to budget and get better bang for their bucks," Superintendent Comer said. Roughly 400 administrators, teachers, parents, secretaries, district staff and others have attended these courses, organized and taught by Deputy Superintendents Jerry Schondorf and Robert Radday. Since then, intensive courses, shorter introductory workshops and one-on-one assistance with the CEP and SLT processes have been added to the district's training programs.
- In the fall of 1996 the district announced that it would become a PDB pilot district, with all schools eventually participating in PDB. In Spring 1997, ten schools became pilots, joined by the remaining twenty schools the following year.
- In September 1999, Central signed a Memorandum of Understanding with District 22 that designated it as a Chancellor's Model District. The district's goal is to maximize district and school flexibility in many areas currently constrained by Central's policies and practices. The district is using the initial funding of the Model District designation to explore which Central-controlled functions – e.g., food, transportation, legal services, and school facilities construction and maintenance –might usefully decentralize to the district and school levels.

The District 22 Collaborative Approach

Policies and practices promoting school autonomy

Because of the district's belief that the key to improved learning lies in support and encouragement of each school's unique goals and strategies, it has decentralized authority to the schools to develop their own instructional programs and budgets.

> "Instructional strategies and programs designed by Central or by the district office are limited in their effectiveness by the fact that they are designed to address general needs rather than to address the specific needs, and build on the specific strengths and resources, of a particular school . . . [T]he school community does not feel a sense of ownership and involvement with top down initiatives. Far greater commitment and enthusiasm attach to programs arising out of local needs assessments and collaboratively developed goals."[27]

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[27] District 22's Application to Partner with Central in the Design and Implementation of Performance Driven Budgeting, November 1996

Throughout the 1998-99 school year, school leadership teams in all District 22 schools developed school-specific educational goals and CEPs. Then, in June, the district held its Third Annual Performance Driven Budgeting Allocation Issuance Conference, at which school teams received their individual school allocations. The allocation memorandum informed schools that "all tax levy funds, with the exception of mandated programs, are modifiable by schools as long as those changes do not violate labor contracts and existing legislative, judicial and administrative guidelines and regulations." The district gave each school a single reimbursable allocation for its Title I and PCEN allocations. Finally, the district issued lump sum allocations for special education, Project Read, Project Arts and Ending Social Promotion. The district's allocation memo instructed schools to use their allocations "as you see fit" within straightforward guidelines that maximized school flexibility – e.g., "Reimbursable programs must supplement, not supplant," and "The budget must reflect the school's educational goals and comprehensive educational plan."

District belief is that school autonomy should lead to effective school-level plans that improve teaching and learning. District policy is to give all school teams the same autonomy to develop and fund their plans. With more autonomous schools, these plans "will not always go the way the superintendent or the principal think it should go," noted school board member Anne MacKinnon at the district's June 1999 allocation issuance conference. District and school staff, as well as parents, reported that the district would decrease a school's level of autonomy only when school performance declined for two years in a row.

District 22 officials hope that Model District designation will eventually translate into much more flexibility for District 22 schools in the areas of purchasing, curriculum, instruction, facilities, budgeting and personnel. For example, Central has agreed to give the district the money saved when children are *not* referred to special education, enabling schools to support "unlabeled" special needs children in mainstream classes in their home schools. The district believes that hiring its own attorney should speed up and facilitate purchasing from outside vendors. The district may ask to take over responsibility in areas now controlled by Central, like transportation and food services. Model District status enabled the district to hire a Deputy Superintendent for School Reform and Restructuring who is furthering the development of the district's instructional model.

Collaborative Culture

Deputy Superintendent Robert Radday said that District 22's culture of collaboration, respect and trust is intended to reach all members of the school community. To ensure that all constituencies on the school teams can function as full participants in planning and budgeting, training sessions are held at various times to accommodate the schedules of different constituencies, and are open to all (in the district) who wish to enroll.

The district encourages discussion among staff, parents and principals – within and across constituencies -- and actively solicits feedback on its policies and practices. Successful instructional, budgeting, and team practices are shared in formal and informal settings, including parent-arranged school intervisitations, principal conference presentations, districtwide conferences, and team visits to observe how other SLTs function. "In the last two to three years, I hear real discussion between SLTs and the district office staff about what the right decisions are in many areas," community school board member Anne MacKinnon said at the district's June 1999 Allocation Conference. "School-based management has become a place where people talk very honestly about how to improve the school."

The information needed for school planning and budgeting is made available to all constituencies, in a variety of settings and formats. "Everyone sees what resources everyone else gets," said Deputy Superintendent Radday. "To make sure that everyone knows what's going on, we send SLT Circulars to SLT chairs, PA presidents, principals, UFT chapter chairs, DC37 reps, and District Planning Committee members." Principals, UFT chapter chairs, and parents meet regularly with the superintendent and in constituency groups, to share information and experiences.

Reinventing the District Office

District 22 is trying to reinvent its district office as a provider of the services and support its schools need to become effective planners and budgeters. During our observations of meetings, training sessions and other school and district activities, we often heard school personnel and parents comment that district office staff, including the Deputy Superintendents, were available to provide whatever assistance the schools needed to carry out their missions.

The District Planning Team (DPT), whose membership includes representatives of the district's unions and parents, is charged with supporting the efforts of school planning teams. The DPT brings together representatives of all school and district constituencies to focus on improving the effectiveness of the school leadership teams. The DPT also receives input from district constituencies, and discusses alternative allocation strategies to help guide formation of the district's allocation policies. "Our multifaceted district leadership team models a team approach for the schools," said Deputy Superintendent Robert Radday.

Intensive Training

The district's two main training courses are an in-depth six-session series on district and school finance and a parallel course on SLTs and CEPs.

The finance course, taught by Deputy Superintendents Robert Radday and Jerry Schondorf as a series of hands-on workshops, covers essential topics in sufficient depth to give school planners the information they need to become effective budgeters. Topics include: tax levy, special education and reimbursable funding streams; Central allocation formulas; district budgets and modifications; Central budgeting and personnel systems; permissible uses of reimbursable funds; how to budget different staff categories; OTPS issues; and how to budget to accomplish educational goals and objectives.

The second course, a district and Central collaboration, is a six-session course that helps school planners understand how to make their SLTs more effective. It also provides hands-on technical assistance on how to assess school needs and develop CEPs. The course was organized to help current school team members develop their own school's CEP with the technical assistance from the training staff. We observed participants sharing strategies and techniques with participants from other schools and constituencies.

The district also offers separate introductory training sessions for parents and staff on various topics, geared to their needs. One we observed was a two-day SLT training session for parents and staff taught by District 22 Presidents Council leaders. The purpose of the training, held at different times and locations, was to "stimulate people to attend district training sessions and to provide everyone with ground level knowledge," said a parent leader.

We saw evidence of SLT members' sophisticated understanding of budgeting and finance issues at every district or school meeting we observed. Parents and staff alike understand – from both their training and their SLT experiences – such topics as the permissible uses of various funding streams, alternative funding strategies, and the logistics of school purchasing and spending. We saw team members swapping information about the relative merits and costs of using part-time, full time, per session, per diem and consultant staff. Other discussions we observed concerned the cost effectiveness and efficacy of different staff development programs.

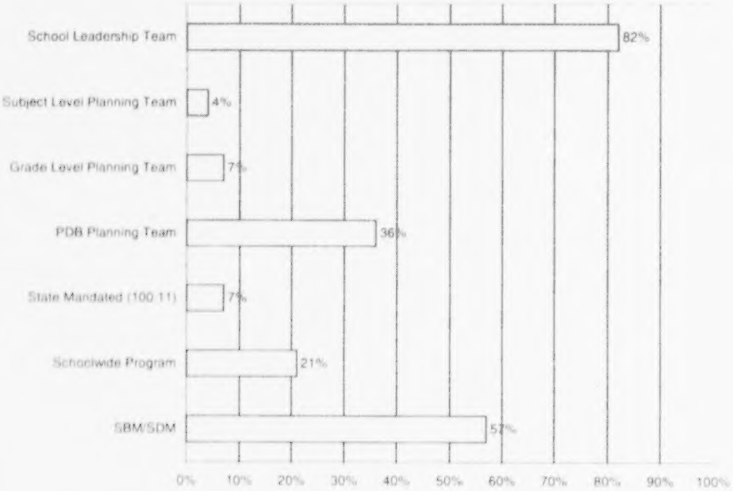
School Leadership Teams

School leadership teams in District 22 have been evolving for many years. The advent of Central's SLT plan was welcomed in District 22, since it was, in many ways, a codification of District 22 practice. "A good thing about the new plan," said Superintendent Comer, "is that it has only two functions: developing the CEP and doing the budget. In fact, the SLT plan is excellent."

Using Central's SLT allocation, District 22 hired a coordinator and facilitator for school-based planning, Kathy Rosenfeld, who observes and assists the district's SLTs and acts as their liaison to the district. Ms Rosenfeld reported that parent participation on SLTs in District 22 is very high – about half the schools have 50% parent participation on the teams in 1998-99. The district expects that almost all teams should achieve that SLT plan requirement by the 1999-2000 school year, she added Ms. Rosenfeld said that, although typical school teams had about 7 staff and 7 parents, some teams were much larger. Most were doing well in developing their CEPs, she said, as it was not their first year handling this task.

In response to a question about the type of formal planning process their school had, planning team members in the six District 22 schools we surveyed tended to characterize their teams as school leadership teams and as school-based management/shared decision-making committees.[28]

Chart 3.4:



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[28] Respondents were asked to indicate as many types of planning processes as were applicable to their school's team. There were 28 survey respondents in District 22. Also, three of the six schools participating in the survey did not have Title I status and therefore could not participate in a Title I SchoolWide Program.

The District 22 planning teams we studied consisted of an average of 11 team members in 1997-98 and 15 in 1998-99. There was an increase in the average number of both teachers and parents on the teams in 1998-99.[29]

Table 3.12: Composition of District 22 school planning teams

	Average number of team members, 1997-98	Average number of team members, 1998-99
Teachers	**4**	**6**
Parents	3.7	5.7
Principals	1	1
Other	2.7	2.3
Team size	11.4	15.0

In District 22, training reinforces the district's focus on school-determined strategies for improving instruction and student outcomes. Sixty-four percent of the survey respondents in District 22 indicated that they personally received some training for their work on the planning team. Thirty-two percent indicated that their team received training in understanding student performance data, while sixty-eight percent reported team training in effective team decision-making. Approximately sixty percent indicated team training in both how to read a budget and understanding the budgeting process.

School Planning & Budgeting

Many of District 22's planning teams are experienced in the nuances of planning and budgeting. Because schools have been engaged in this work for a decade, planning team members have become skilled in negotiating the linkage between planning and budgeting. Because so many team members – across constituencies -- are well equipped to participate in the SLT process, teams can draw on the strengths and perspectives of many members of their school communities during the planning process.

In addition to the Central and state assessments, District 22 school teams rely on a variety of district-developed and school-developed assessments to help them understand and plan for their students' needs. For example, the district employs a math program that tests children every six weeks, and employs reading programs that use end-of-level tests. Schools are encouraged to diagnose the strengths and weaknesses of each student in all subject areas at the beginning of the school year and again, as needed, later in the year. The results of district assessments are made available to the schools as quickly as possible. Teams use these data to assist them in instructional planning.

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[29] These data are based on school information forms, completed by the principal, of the six schools in our survey.

District 22 team members we surveyed indicated their teams participated in instructional planning. More than half (15 out of 28) responded, with specific written examples, when we asked what kinds of changes in instructional programs their teams had recommended in response to student needs. Examples of recommended changes were: creating bridge classes; instituting club hour; reorganizing cluster schedules and/or subject classes; “push in” academic support programs; afterschool programs for reading and math; evening math programs for students and parents; gifted programs; integrated general/special education programs; preschool academic programs; specific foreign language, writing and reading programs; student support services both after school and during the day; paraprofessionals to assist oversized classes; changing to heterogeneous class organization; reduced-size classes for struggling students; and computer-based programs for special needs students.

Team involvement in budgeting is extremely high in District 22. Ninety-six percent of the District 22 team members who responded to the survey reported that they personally participated in developing their school’s budget.

“Schools have much more control over their destiny than they had before,” said Deputy Superintendent Radday. “Be creative,” was the phrase he used at the district’s June 1999 annual allocation conference. After the team members received their allocations, they attended half-day technical assistance workshops. In the days that followed, teams developed their final budgets and submitted them to the district, which aggregated them into a comprehensive district budget

The district decided to continue to use its own budgeting system, rather than to join the other five Phase I districts piloting the Galaxy 2000 budgeting system for the 1999-2000 school year.

A District 22 SLT at work

For the two years of this study, we observed the planning team of one of the district’s schools. This team exhibited a consistent focus on moving the individual student “toward the standards we’ve set,” said one team member. “We have to find the way that children can learn, and a way for children to take responsibility for their own learning.” The team used parent and staff surveys and student assessment data to understand how well the school was meeting student needs, what areas staff and parents felt needed improvement, and how they thought that should be accomplished.

For example, one discussion we observed in April 1999 centered on the dramatic results of the school's focus on first and second grade students. District testing of first and second grade reading progress demonstrated that more than 80% of the school's first and second grade students were now reading at grade level. The team discussed what strategies they thought had contributed to this roughly 30% improvement in student scores. They weighed the impact of newly-introduced smaller classes and small reading groups, the after school Project Read classes for targeted children, increased engagement of parents, individual student assistance from Reading Recovery teachers and paraprofessionals, enhanced guidance services, increased staff collaboration time, targeted staff development, and the use of a new, individualized student assessment process. The team then discussed which strategies should be employed in the following school year.

Spending issues were a part of every team meeting, and included updates on school spending and adjusted school allocations. Most team members seemed to understand the school's finances and participated actively in these discussions.

At this April 1999 planning session, team members also understood the budgeting implications of different educational strategies. For example, the team discussed the results of parent surveys that indicated that parents wanted an afterschool program that ended later than 4:30 pm. Team members brainstormed about how to meet parent needs and create an improved afterschool program. One participant said that there should be enrichment as well as remediation. Several suggested that the program could serve more children than those targeted by Project Read. Some worried that teachers' afterschool professional development commitments might interfere with their participation in the program, and therefore reduce instructional linkage between the schoolday and afterschool programs.

The team estimated the cost of the various options, basing their estimates on projected cost factors for the following year, and made tentative decisions about the shape of the following year's afterschool program.

CROSS-DISTRICT IMPLEMENTATION CONCERNS

When preparing their 1999-2000 budgets, the PDB schools and districts had to wrestle with a number of complicating factors that affected their ability to plan and budget for the coming school year. These factors, which seemed to have a disproportionately greater impact in the high need districts we studied,[30] were:

- Uncertainty about state and federal funding. Since Central's initial allocation to the districts was based on an educated guess about the final state budget, there was some possibility that the district's allocation would be increased or decreased, or that specific programs would receive more or less funding from the state. In addition, districts had to adjust for sometimes dramatic changes in federal Title I funding. For example, one High Needs district saw a one-year drop of $4.5 million (out of a $140 million initial allocation) because of a slightly lower register and a lower per capita Title I allotment for FY00.
- Uncertainty about the number of students who would enroll in each grade in each school. The normally difficult task of producing accurate student enrollment projections was complicated in FY 00 by the introduction of Central's Ending Social Promotion policy. Schools didn't know until late summer which students would be retained in their grade or promoted to the next. In the High Needs districts, there were larger numbers of affected students and schools than in the other districts. This uncertainty affected how districts calculated the amount of money each school would receive in its budget.
- High turnover of school staff and principals. All districts were affected by shrinking teacher and supervisor pools and by an exodus of school staff; this complicated the school planning process enormously. In some schools, plans developed in the spring had to be abandoned in late August when teaching staff losses were finalized. In the two High Needs PDB districts, one-third of the principals who submitted their 1999-2000 schools budgets in June 1999 had left those positions by the time school opened in the fall.[31]

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[30] We define Districts 9 and 19 as the two PDB districts with the highest needs, based on the same factors Central uses in its Similar School analysis: a high poverty rate, as represented by percentage of students eligible for free lunch, and a high percentage of English Language Learners.

[31] The ability of a High Needs district's schools to do effective instructional planning is hampered by the shortage of quality teachers, as was vividly demonstrated in one school in a High Needs district. The principal was informed a few days prior to the start of the 1999-00 school year that a number of the school's most effective, trained and seasoned teachers were not returning. The school was forced to fill the sudden vacancies with inexperienced teachers.

- Dual Roles of the DCEP: Because the DCEP is a mandatory compliance document for the New York State Education Department, the document embodies the tension between the mandates for state reporting on a number of discrete programs, versus a planning document that responds to the needs surfaced in each district's schools' CEPs. This tension limits the value of the DCEP to districts and schools.

The principal felt that the school needed "instant teachers," since the newly-hired staff would be teaching classes whose performance would reflect on the entire school. The previous spring's carefully crafted CEP and budget were scrapped in favor of a scripted reading program to help the new teachers work with their students as they learned how to teach.

CHAPTER 4

FINDINGS FROM THE PILOT COMMUNITY SCHOOL DISTRICTS AND SCHOOLS

The primary task of this current year's evaluation is to examine whether changes in policies and practices at the Central and district levels have enhanced the ability of schools to create budgets linked to improving student performance. In last year's evaluation report, we stated that the goal of PDB was:

> "to redefine relationships and decision-making authority among the three levels of the school system so that decisions about the use of resources are directly linked to effective instructional strategies and improved student achievement." (Appendix A.)

Our hypothesis is that changes in seven broad areas of policy and practice are critical to establishing and maintaining this linkage between use of resources and improving student performance:

1. Movement of authority in budgeting, personnel and instructional planning to the school level.
2. Restructuring of resource allocation policies and practices to support school level instructional planning and budgeting.
3. Provision of information that schools need to plan and budget.
4. Development of the capacity at all levels to support school teams' work of planning and budgeting.
5. Creation of more broad-based, participatory and influential decision-making structures at the school level.
6. Establishment of an effective accountability and reporting system.
7. Development of a systemic culture that supports school decision-making and continuous school improvement.

What follows is an analysis of the changes in districts and schools during the first two years of PDB implementation that reveal the extent of progress toward performance-driven budgeting.

AREA 1: MOVEMENT OF AUTHORITY IN BUDGETING, PERSONNEL AND INSTRUCTIONAL PLANNING TO THE SCHOOL LEVEL

Through interviews, observations and surveys, we examined the extent of devolution of authority to schools and districts. Our findings about the extent of devolution of authority are divided into three categories:

- Devolution of budgeting authority
- Devolution of authority for personnel
- Devolution of authority for instructional planning

a) Devolution of budgeting authority

Did the schools in the six Phase I districts receive the authority to create budgets? Did these schools gain the authority to budget all the dollars allocated to the schools, or only a small discretionary fraction of these funds?

We asked superintendents whether their district and schools had more authority in this area. "We've been able to make plans for spending money without prior approval from Central," said one superintendent. Another said that greater district-level authority resulted from the Budget Office granting it the flexibility that came with "Group 1" status. "Both last year and this year," said a third superintendent, "we have had significant flexibility . . . Central has been trying very hard to become more flexible. Our requests get approved more quickly."

All PDB superintendents said they passed on to their schools whatever budgeting authority Central relinquished. In one district, the superintendent said the school teams' growing expertise as budgeters forced the district to "realize that we could be more flexible as a district." Yet, in another district, the superintendent said that schools "don't readily accept the authority they have."

The three PDB school principals we interviewed strongly agreed that their schools had been given greater authority in budgeting. "We have total ability to plan and spend every dollar. We used to *get* dollars. Now we *have all* dollars." Another principal said, "The budgeting freedom has allowed us to design programs specifically for our students and hire the [kind of] personnel we need to implement these programs." A principal who responded to our survey wrote, "We enjoy the luxury of having control over our budget."

We asked all three principals if, in the past, schools had been frustrated by their inability to control their own resources, and if that perception had changed in the two-year period. All three principals agreed that their schools had gained considerable control over their resources.

Further observations and interviews in the districts and schools – and our examination of documents we collected from every district – indicated that PDB schools were exercising more authority to budget the total dollars allocated to them than they had two years before. These observations and interviews included:

- Observations of school teams actively creating instructional plans and preparing budget priorities for the 1998-99 and 1999-2000 school years;
- The June 1999 allocation conferences in five of the six Phase I districts. At these conferences, the Phase I districts distributed to *all* their schools allocations that included most of the funds that Central allocated to the districts. Districts also gave instructions and assistance on how to budget their allocations to schools in accordance with school-developed and district-approved CEPs, and within district parameters.
- Interviews in July and August 1999 with all six PDB districts' directors of operations.

The survey results from ninety-five respondents in twenty-three schools in four Phase I districts also confirm that people in PDB schools have been engaged in budgeting for at least two years. Our survey asked,

Table 4.1: Did people in your school play any role in developing the budget?

Percent responding yes		
1996-97 (N=87)	1997-98 (N=87)	1998-99 (N=95)
75%	93%	93%

Positive responses increased over the two years of the study: virtually all respondents agreed that people in their school participate in budgeting.

Through our surveys, we probed the extent of the PDB schools' authority over components of their budgets – i.e., funding sources and positions. If schools are actually gaining control of all funds allocated to the school, they should have a key role in deciding how to budget both basic (tax levy) and supplementary (Title I and PCEN) funds which comprise most of a school's allocated funds. The survey asked,[32]

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[32] School budgets are made up of numerous funding streams, the largest of which are: tax levy, PCEN, Title I, Bilingual/ESL and special education. Tax levy funds, which pay for basic educational expenses such as classroom teachers and principals, are drawn from city and state funds. PCEN (state) and Title I (federal) funds are for compensatory and supplemental education expenses. Bilingual/ESL funds are state and federal funds earmarked to help English Language Learners. Special education funding comes mostly from the city and state for students who have been certified as having disabilities. Note that six of the 23 PDB

Table 4.2: Do people in your school help decide how to budget the following types of funds?

Percent responding yes (N=95)	
Tax Levy	92%*
PCEN	84%*
Title I	80%*+
Bilingual/ESL	66%*
Special education	57%*

* Blank and "don't know" responses have been eliminated from all tabulations. An asterisk indicates a survey question where more than 20% of the responses were blank or don't know.
+ Six of the 23 PDB schools were not eligible to receive Title I funds.

A very high percentage of PDB respondents reported that their schools participate in budgeting tax levy and PCEN/Title I funds. Many also report participating in budgeting their school's Bilingual/ESL and special education funds.

Since PDB respondents indicated that their school participates in decision-making over most funds allocated to the school, respondents should also have indicated that their school helps budget classroom teacher positions, since salaries for these positions make up most of a school's budget. The survey asked,

Table 4.3: Do people in your school help decide how to budget any of the following positions and services?

Percent responding yes (N=95)	
Professional development services	85%
Classroom teachers	74%
Guidance & other support staff	74%*
Per session teachers	74%*
School aides	70%*
Paraprofessionals	63%*
Per diem substitutes (covering absences)	52%*
School secretaries	48%*
Supervisors	46%*

*Blank and "don't know" responses have been eliminated from all tabulations. An asterisk indicates a survey question where more than 20% of the responses were blank or don't know.

PDB schools *do* seem to participate in budgeting most positions, particularly classroom teacher positions, in their schools.

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schools in our survey were not eligible for Title I funds; therefore, survey respondents from those schools would not have an opportunity to budget those funds.

If authority is actually shifting to the schools, planning team members should feel that people in their school play a key role in determining the school's budget. The survey asked,

Table 4.4: How influential are each of the following in determining the budget for your school?

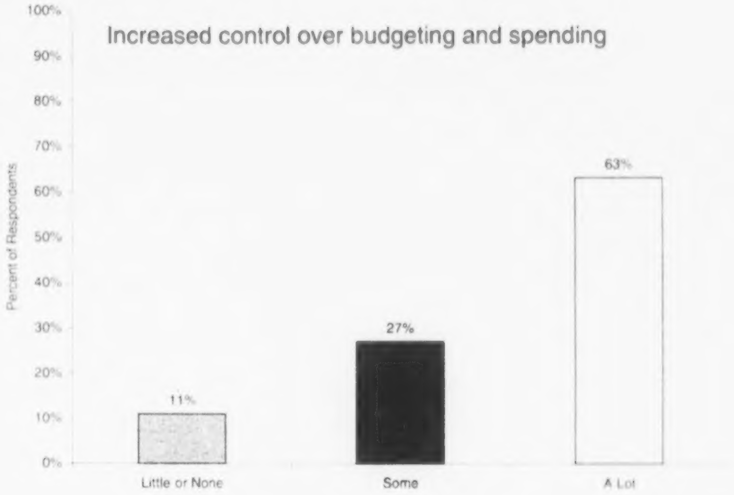
Percent responding "very influential" (N=95)	
Your school's leadership & staff	67%
District	66%*
The Central Board of Education	66%*
State & Federal governments	61%*
City government	60%*
Your school's parents	37%
Community School Board	34%*
UFT & CSA	21%*
Community groups	8%*

*Blank and "don't know" responses have been eliminated from all tabulations. An asterisk indicates a survey question where more than 20% of the responses were blank or don't know.

Two-thirds of the PDB survey respondents indicated that their school leadership and staff were "very influential" in determining the school budget – slightly more than those who felt that their district, Central, and the city, state and federal governments were very influential.

Again, if schools were actually gaining control over all the dollars formally allocated to the school, team members should feel that their school's control over their budget had increased significantly over the two years of PDB implementation. The survey asked,

Chart 4.1: At the end of this second year of PDB, how much increase have you seen in your school's control over the budgeting and spending of its allocations?



Sixty-three percent of the responding team members indicated that they had seen considerable increase in their school's control over budgeting and spending over the two-year period. Only eleven percent indicated there had been no increase or very little increase of school control.

We found that schools in the six Phase I districts did experience a substantial increase in their authority to budget.

Non-PDB Districts

Because the PDB initiative started with specific pilot districts and schools, we focused on those districts and schools participating in the initiative. But the Central interventions we described in the previous chapter were aimed at *all* districts and schools in the system, and not just at the PDB pilot schools and districts. Therefore we also investigated whether *all* districts and schools in the system showed some indications of increasing involvement in budgeting.

We interviewed, observed, conducted surveys and collected documents in four schools in two districts not participating in Phase I of PDB. While the experiences of this small group of non-PDB schools may not be representative of all non-PDB schools in the system, it is instructive to compare their experiences with those of the PDB schools during the two-year period of our study.

Did the non-PDB schools we studied receive the authority to create budgets? Did these schools gain the authority to budget all the dollars allocated to the schools, or only a small discretionary fraction of the money?

In the spring of 1999, all four non-PDB school principals told us that, over the previous two years, they had gained greater control in school budgeting. However, what they cited as evidence for greater control was their school's experience with the budget request allocation, a small, discretionary allocation.[33] This was in contrast to the PDB school principals, who all focused on their total budgets as the arena in which they exercised increased control.

The four non-PDB principals described how their schools budgeted their discretionary budget request money. One principal told us that his school received a

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[33] The budget request process, one of Central's major initiatives, asked schools to budget a small lump sum allocation that was included in the Chancellor's formal budget request. In June 1998, the initial district allocations included approximately 60% of the funds the schools had budgeted. By the 1998-99 school year, two-thirds of the schools in the system were participating in this exercise.

"budget of about $150,000 - $180,000 over which we had total discretion. We decided to buy a librarian and a family worker." Another said, "We have more money and more discretion, because of the budget request money. For example, we decided to group heterogeneously in third grade this year. The budget flexibility enabled us to help the third grade teachers who requested paraprofessionals."

A third principal described the additional "exposure" to school-based budgeting that her district gave in allocating Title I money to its schools. "In the past, in the summer we were asked, 'What do you want?' Then we got positions allocated. This year, the district gave schools their Title I allocations based on their CEP and the number of eligible students in dollars. We were given cost factors. We can also split-fund positions."

Analysis of the survey results supports these principals' statements. After two years, there was a large increase in the number of team members from non-PDB schools who indicated that their schools played some role in developing the school budget. The survey asked,

Table 4.5: Did people in your school play any role in developing the budget?

Percent responding yes		
1996-97 (N=16)	1997-98 (N=16)	1998-99 (N=20)
50%	63%	95%

We also probed the extent of the school's authority over components of the budgets – funding sources and positions. The survey asked,

Table 4.6: Do people in your school help decide how to budget the following types of funds?

Percent responding yes (N=20)	
Tax Levy	47%*
PCEN	45%*
Title I*	54%*
Bilingual/ESL	38%*
Special education	31%*

*Blank and "don't know" responses have been eliminated from all tabulations. An asterisk indicates a survey question where more than 20% of the responses were blank or don't know. In this table, the percentage of blanks and don't knows ranged from 35% to 45%.

Few survey respondents from these non-PDB schools indicated that people in their school participated in budgeting these school's funds, regardless of funding source.

The survey also asked,

Table 4.7: Do people in your school help decide how to budget any of the following positions and services?

Percent responding yes (N=20)	
Paraprofessionals	94%
Guidance & other support staff	87%*
Professional development services	87%*
School aides	73%*
Per session teachers	67%*
Classroom teachers	25%
Supervisors	13%
School secretaries	13%*
Per diem substitutes (covering absences)	7%*

*Blank and "don't know" responses have been eliminated from all tabulations. An asterisk indicates a survey question where more than 20% of the responses were blank or don't know.

In contrast to the results from the PDB schools -- where three-quarters of the respondents indicated that people in their schools helped decide how to budget classroom teacher positions – the survey results suggest that people in the non-PDB schools help budget mostly supplemental positions – paraprofessionals, support staff, school aides, etc. The non-PDB schools do not appear to have a significant role in budgeting basic school funds such as classroom teacher positions.

Do planning teams feel that members of their non-PDB schools play key roles in determining the school's budget? The survey asked,

Table 4.8: How influential are each of the following in determining the budget for your school?

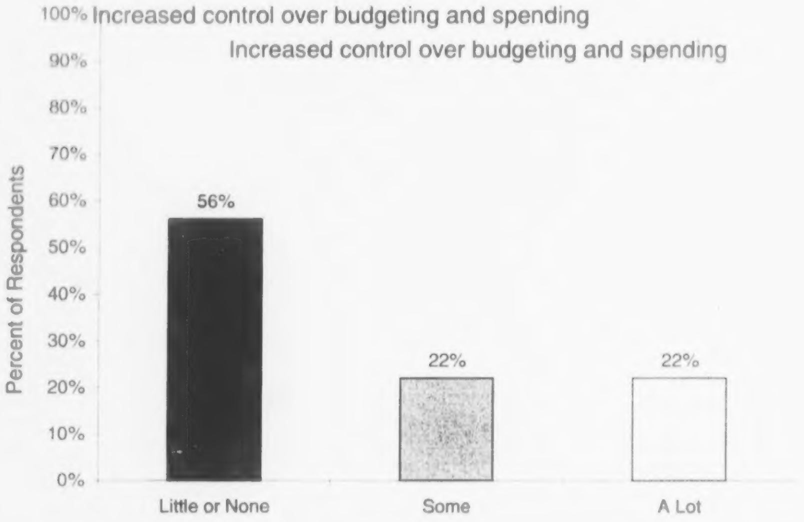
Percent responding "very influential" (N=20)	
State & Federal governments	94%
The Central Board of Education	86%*
District	81%
City government	81%
Your school's leadership & staff	44%
Community school board	25%
UFT & CSA	19%
Your school's parents	17%
Community groups	0%

*Blank and "don't know" responses have been eliminated from all tabulations. An asterisk indicates a survey question where more than 20% of the responses were blank or don't know.

In contrast to the results from the PDB schools – where 67% of the respondents indicated that their school's leadership and staff were very influential in determining their school's budget – only 44% of the non-PDB team members think their school's leadership and staff were very influential in determining their school's budget, roughly half as many who indicated that the district, Central and the city, state and federal governments were very influential.

In the final survey question we probed to what extent school-level budgetary control had increased over the previous two years. The survey asked,

Chart 4.2: At the end of this second year of PDB, how much increase have you seen in your school's control over the budgeting and spending of its allocations?



*Blank responses have been eliminated from the tabulations

More than half of the non-PDB respondents indicated that there had been *no increase or very little increase* of school control over budgeting and spending. By contrast, in the PDB schools, sixty-three percent of the respondents indicated that their school's control over budgeting and spending had *increased* considerably over the previous two years. A side-by-side presentation of these data permits easy comparison:

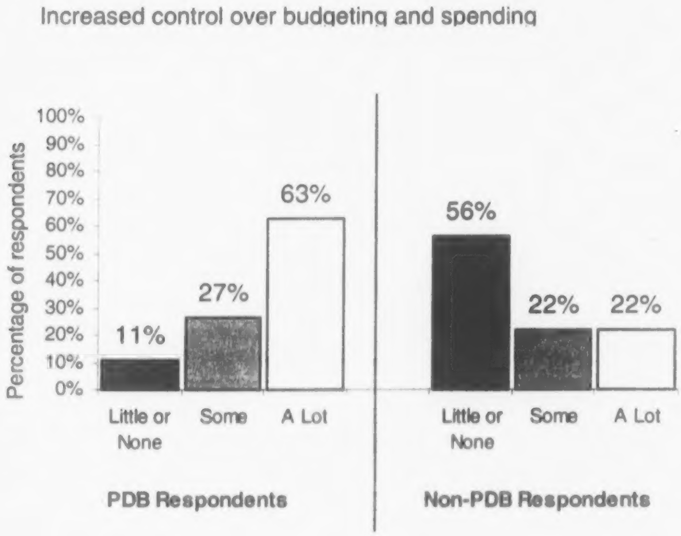


Chart 4.3: How much increase have you seen in our school's control over the budgeting and spending of its allocations?

Given the evidence from this small group of non-PDB schools, Central's budget request process seems to be providing the non-PDB schools with hands-on experience budgeting a small discretionary allocation. We also saw some evidence that districts are beginning to prepare schools for a universal school-based budgeting process.[34] There is no evidence, on the other hand, that people in these schools feel they have much control over the funds allocated to their schools.

Our limited interviews, observations, surveys and document collection in non-PDB schools suggests that non-PDB schools have been engaging in preliminary activities that are helping them learn how to budget. However, they have far less control over total school funds, compared to the schools participating in Phase I of the PDB initiative.

b) Personnel decisions

We asked the six Phase I superintendents if their districts and schools had gained greater authority over personnel in the two-year period of PDB implementation.

Did the schools in the Phase I PDB districts have more authority over personnel decisions?

In the fall of 1998, Central decentralized control over the Committees on Special Education (CSEs) and the School Based

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[34] We also found evidence in our first year's work that the work of the PDB school planning teams was aided by the experience many schools had with SchoolWide Programs.

Support Teams (SBSTs) to the districts and schools.[35] Three superintendents reported that the CSE and SBST staff in their district were more responsive to their schools and to the district since the transfer of authority, and that SBST staff had become more integrated into schoolwide activities. One superintendent told us:

> Decentralization has played a very critical role by putting accountability back into the school districts. One of the things we've done thoughtfully is to change the roles of school-based team members. Our referral rate is down. The decertification rate is up. We started non-mandated speech and counseling, a service that is outside of special education and that reflects our emphasis on prevention. We have more flexibility. We hired a school social worker to work with school phobic children (truants). SLT's think differently. They're looking at the whole population [in the school].

But another superintendent was not satisfied with the degree of control the district could exercise over CSE activities and budgets.

> [Central] should have said, "Here's a pot of money. Here are the goals." Instead they said, "Here are services. Here are the mandates. You administer the mandates instead of Central." I don't see the link between reducing referrals or serving children outside of special education and using the CSE money for that.

PDB superintendents were concerned about the limitations on administrative staff that Central has imposed on all district offices. One superintendent told us, "The administrative guidelines Central imposes leave me no flexibility. We're told how to staff the District Office and how much to pay. Why does Central impose such rigid guidelines? I want to use my administrative allocation flexibly to get the best administrative staffing mix possible." However, another superintendent reported that fiscally responsible districts (Group 1) were allowed somewhat greater flexibility in district hiring.

Some school-level hiring practices had improved, district officials told us, and Central had made earlier and more localized hiring practices a priority. Central's new procedure that allowed districts to locally process applicants for teaching positions was helpful, they said.

But, as one superintendent told us, "Central's inflexible personnel policies haven't changed, with the exception of those schools electing to become School Based Option schools." Another superintendent told us, "There are too many rules – civil service, state, city, legal requirements, union contract. Personnel is a hard issue to deal with."

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[35] The CSEs and the SBSTs are charged with evaluating and placing students suspected of having a disability in appropriate settings. Under the new policy, district superintendents supervise the chairs of the CSEs, and school principals supervise the SBST members. Responsibility for budgeting these staff positions now resides in the districts.

Hiring policies limited their ability, some principals said, to hire the staff they thought were best for their school. For example, one principal said the school was forced to retain a less suitable teacher with one type of provisional teaching license, over another candidate with a different type of provisional license. Such policies might disproportionately affect hard-to-staff districts with a larger number of provisionally licensed staff.

One of the most important areas of school control over personnel is the power to remove ineffective staff. But, in this area, superintendents and principals told us that there had been no change in the arduous and time-consuming processes required. One principal commented, "All the thrust has been to move the schools; however, the most important thing, which they haven't helped us on, is moving the 'baggage'—[teachers] who won't change. These people are holding us back. We are getting some good new people now."

School-level control over hiring was also severely limited by shrinkage in the pool of qualified teachers over the two-year period. According to one principal, the main reason for the shrinking pool is the disparity in pay levels for teachers in New York City compared to teachers in the surrounding suburbs. This principal, in a district that has an especially difficult time attracting qualified staff, was faced with a large number of teaching vacancies in late August, 1998, and felt forced to switch to a scripted reading program that the principal decided could be handled by totally inexperienced teachers.

The district officials we interviewed reported an equally serious loss of qualified principals and principal candidates, as well as a severe problem with principal morale, caused by the continuing absence of an agreement on a contract between the City and the Council of Supervisors and Administrators.[36] Many of our interviewees argued that some principals were earning less money than teachers, and that principals felt discouraged by the unprofessional and demeaning way they felt the City was treating them.[37]

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[36] Subsequent to the period of data collection for this report, an agreement was negotiated between the City and the CSA.

[37] Of the 190 schools in the six PDB districts in June 1999, 35 had new principals in September 1999: an 18% principal turnover rate. This turnover rate was 32% in the two highest need districts.

Our analysis of survey results also supports the assertion of superintendents and principals that Central's hiring policies do not give schools much control. The survey asked, "How much flexibility does your school have in hiring staff?" Thirty-nine percent of the planning team members responding to the survey indicated that their schools had "a lot" of flexibility in hiring staff.

The interviews with principals from the non-PDB schools and the survey responses from those schools yielded data similar to those obtained from the PDB schools.

We found that schools did not gain greater authority over personnel during the two-year period of PDB implementation:

- ***Central did not move greater authority for personnel matters to the school level, with the important exception of the transfer of authority for CSE and SBST activities to the districts and schools.***
- ***While those we interviewed gave Central credit for improved hiring practices, continuation of the maintenance of Central control over hiring decisions, plus the extrinsic limitations on the pool of principals and teachers available to be hired, resulted in very limited hiring capacity at the school level.***

c) Instructional planning

Were the schools in the Phase I districts given greater authority over instructional planning?

We asked the six PDB superintendents if their districts and schools had more authority over instructional planning. All but one reported that they had already been devolving instructional planning to their schools prior to involvement in the PDB initiative. "We do our own instructional planning, and we have for quite a while," was a typical comment. Pilot schools in the PDB districts had been developing instructional improvement plans and school budgets at least since the inception of the PDB initiative in early 1997. Our assessment of the CEPs we collected from the 1997-98 school year support these superintendents' contentions.

The directors of operations in most districts agreed that, in support of school-level instructional planning, schools had been given more flexibility in scheduling and assigning staff. They said that schools gained, during the two-year period, greater ability to determine how to meet Central's goals and objectives. Some said this gain in flexibility resulted from the requirement that all schools develop a CEP.[38]

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[38] The CEP is an evolving document, originally targeted for low performing schools, that tries to combine compliance with state mandates for the use of compensatory education funds,

The directors of operations also said that their schools had more control over instructional planning because of greater budgeting flexibility. Central relaxed several budgeting constraints in its allocations to districts, collapsed several small tax levy allocations into a single per capita allocation, and allowed districts to more flexibly spend funds earmarked for Project Read, a categorical tax levy allocation intended to improve literacy.

The PDB principals we interviewed were enthusiastic about their increased authority to do school level instructional planning. "We have total choice," said one. "We have a better course of study in science . . . this means new supplies, extended day and partnerships," said another.

However, almost all PDB superintendents -- and the three PDB principals we interviewed -- were frustrated by what they characterized as too numerous city and state instructional mandates. One superintendent spoke about the tendency for the city and the state to introduce mandated instructional programs – this superintendent cited Project Read, Family Literacy, Extended Day, Project Arts – in a way that leaves the district very little room for local discretion in shaping instruction. Superintendents argued that mandated programs require that the district spend money as earmarked, with little discretion. They said that districts and schools should be allowed to choose their instructional strategies and then be held accountable for outcomes.

One superintendent observed that, though there were too many mandates, Central *had* been supportive of that district's efforts to obtain waivers from State and federal special education mandates.

Through our survey, we sought evidence that PDB schools developed instructional improvement plans, or CEPs. The 1998-99 survey asked, "Does your school have some kind of instructional improvement plan (comprehensive educational plan)?" More than 90% of the respondents in PDB schools answered "yes."

We also probed the extent of PDB schools' control over the development of their CEP. If control over instructional planning is being devolved to the school level, team members should report considerable school influence in developing the school's CEP. The survey asked,

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with development of a school improvement plan. Some practitioners suggested that the requirement that schools use a one-size-fits-all comprehensive planning tool (the CEP) limits schools' ability to do the most effective instructional planning.

Table 4.9: Please indicate how influential are each of the following in developing your school's instructional improvement plan:

Percent of PDB respondents indicating "very influential" (N=95)	
Principal	92%
Teachers	66%
District	52%
Parents	47%
Central	40%
State	40%
CSB	21%
Students	14%

*Blank and "don't know" responses have been eliminated from all tabulations. An asterisk indicates a survey question where more than 20% of the responses were blank or don't know.

As the above table indicates, team members in PDB schools *did* consistently report that principals and teachers in their school were very influential in developing their school's CEP.

If schools were actively engaged in developing their CEPs, team members should be able to report what changes their team recommended in the school's instructional program.

More than half of all survey respondents, in all categories (parent, teacher and principal) chose to respond in writing to the question, "Did your planning team recommend changes in the instructional program in response to specific student needs? Please give examples." Their responses were detailed and varied. Examples included changes in school structure and organization, class size reductions, more effective and targeted instructional strategies, more effective use of support and paraprofessional staff, schoolwide curriculum approaches targeted to identified groups of students, integrated afterschool programs, additional materials to support instructional initiatives, targeted staff training, and strategies to stretch budgets to meet more school priorities.

These written responses indicate some of the ways that PDB schools *are* actively engaging in instructional planning.

The evidence we collected from the four non-PDB schools was similar to that obtained from the PDB schools. These non-PDB schools are all engaged in developing CEPs, and survey respondents indicated that principals and staff are very influential in that process.

Focus Group

We asked a group of teachers serving on PDB planning teams to describe the instructional planning process in their schools. In response, they adduced the many district, Central and external pressures that made effective instructional planning more difficult, including numerous City and district mandates.

The teachers also spoke at length about inadequate and inconsistent funding to support school-developed instructional plans. "We're not a Title I school (we missed by 2%), so we didn't have a lot of money. PDB is a great program, but [because we're not a Title I school] we're arguing over pennies," said one teacher. "We don't have a guarantee that you can follow through with money to meet our goals. Money is not there because it meets your goals. It's there because someone wants you to do something. Money drives the program." A third teacher said, "They should make sure that the money is there if I have a multi-year plan. You never know when the shoe will drop." "How can you not be disheartened?" a fourth teacher asked. Crumbling and overcrowded facilities were also mentioned as major constraints on school planning options.

In addition, the teachers talked about how schools' ability to do school-level planning suffered from politicians' distrust and "short-term thinking" that produced "eight chancellors in 14 years . . . If reading scores don't go up in six months, it's thrown out. The chapter leaders [in my district say], as soon as this chancellor leaves, it's all thrown out. Why bother with SLTs? It's not institutionalized because the next mayor will pick the next chancellor who will last two to four years. Why should we bother?"

Some teachers said the driving force behind instructional improvement plans was improving test scores, which, they said, was not synonymous with improving student learning. Test-taking and test preparation squeezes out time and resources for other activities such as art, music, and guidance "because it's not related to the test." What is covered by the test is *all* that schools teach, they said.

We concluded that schools in the Phase I districts – as well as the non-PDB schools we studied – gained greater authority for instructional planning through the CEP process. However, a teacher focus group reported that schools' ability to plan effectively is hampered by district and Central mandates.[39]

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[39] In November 1998, Central began a three-year phase-in of the Chancellor's School Leadership Team (SLT) plan which was intended to lodge authority for instructional planning and budgeting with a team at the school level (see previous chapter). Districts were charged with responsibility for establishing district guidelines and for overseeing implementation of the SLT plan. This plan requires that all schools have planning teams that develop annual Comprehensive Educational Plans (CEP) and budgets to implement that plan.

Conclusion

1. We found that schools in the six Phase I PDB districts *did* experience a substantial increase in their authority to budget during the two-year period of PDB implementation.
    - Our limited examination of non-PDB schools also suggests that non-PDB schools have been engaging in preliminary activities that help them learn how to budget. However, they have far less control over their total school funds, compared to the schools participating in Phase I of the PDB initiative.
2. We found that schools did not gain greater authority over personnel.
    - Central did not move authority for personnel matters to the school level, with the important exception of the transfer of authority for CSE and SBST activities to the districts and schools.
    - While those we interviewed gave Central credit for improved hiring practices, a combination of the maintenance of Central control over hiring decisions, plus the extrinsic limitations on the pool of principals and teachers available to be hired, resulted in very limited hiring capacity at the school level.
3. We found that all schools – PDB as well as non-PDB -- gained greater authority for instructional planning through the CEP process.

AREA 2: RESTRUCTURING RESOURCE ALLOCATION POLICIES AND PRACTICES TO SUPPORT SCHOOL LEVEL INSTRUCTIONAL PLANNING AND BUDGETING

Effective implementation of PDB involves insuring that schools control their own funds, and that schools receive those funds in time to do effective school planning. But as we delineated in last year's evaluation report, the realities of New York City school finance create many obstacles to timely allocation of annual appropriations to schools.

This section analyzes how Central has begun to remove those obstacles by restructuring resource allocation policies and practices. Understanding the extent of Central's task – the development of a new school budgeting system – involves an understanding of the Board of Education's traditional budgeting system, which is still in place in non-PDB districts, as well as how that system impedes effective school planning.

The Traditional Budgeting System

The New York City Board of Education is the official and sole school district for all New York City's public schools, for the purpose of receiving funds from the city, state and federal governments. The Central office of the Board controls certain functions – e.g., transportation, food services, high schools, personnel – and shares responsibility for other functions with the districts – e.g., special education and staff development. The local districts control a third group of functions – primarily classroom instruction and supervision. Central allocates funds to the districts for these purposes; however, district control is often limited by instructional mandates[40].

Traditionally, at the beginning of the fiscal year, Central issues an initial allocation to all the districts to support the functions under district control. The initial allocation consists of numerous discrete formula-driven sub-allocations to support all school functions, as well as district office operations. Each district creates a district budget consisting of the cost of all positions allocated to the schools and the district office, as well as non-personnel expenditures. Districts typically do not develop comprehensive budgets for individual schools.

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[40] According to the 1998 School Based Expenditure Report, Central controlled 28.6% of the $9.8 billion spent on public schools, while schools and districts controlled 71.4%.

Once Central approves a district's budget, the district schedules that budget[41], which then becomes available for spending in the specified categories. Until a district's budget is approved and scheduled, it is not authorized to fill positions and spend money.

Central's budgeting and expenditure tracking system has depended on districts creating school budgets, called school spending plans. Ironically, schools do not create their own school spending plans; their districts do; many schools never see their spending plans. In addition, because Central uses the school spending plans to allocate and track expenditures, the critical budget relationship is between the district and Central, and rarely involves the school[42].

Districts create spending plans for their schools by creating (and filling) positions at individual schools and indicating the non-personnel money to be spent in each school. The Board's financial system then charges expenses, such as teacher salaries or textbooks, against the school spending plans. Accessing and modifying these school spending plans is cumbersome and inefficient. Approval for school purchases, and for modifications to spending plans, may take weeks or even months. The plans have nothing to do with how schools may be organizing for instruction; instead, they merely list staff by broad category, not by grade or function. There is no formal linkage between school spending plans and school-level instructional planning, and therefore no connection to the CEP.

Instead of budgets, schools traditionally receive initial position allocation sheets from their district, usually in June, indicating the number of staff positions the district has initially allocated to the school for the following school year. Allocations are made in the form of positions, not dollars, and usually do not include allocations for all programs and services in the school. The initial position allocations are based on register projections, the programmatic requirements of funding sources, and Central and district policies.

Schools make tentative staffing decisions before the school year ends. But these school staffing decisions are, at best, approximations. Central's initial allocation to the districts usually came in July or August because the state budget was almost always late, and state and city funding beyond the current fiscal year is uncertain. Thus, schools often ended the year in June not knowing the exact makeup of their staff or the organization of their classes for the following fall.

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[41] "Scheduling" a budget means entering all personnel positions and non-personnel items into Central's budgeting system with the appropriate codes that specify budget categories, function, etc. Allocations that Central makes to districts after the initial allocation must also be scheduled. A modification process is required to transfer money, once scheduled, to different spending categories.

[42] Central bases its School Based Budget and Expenditure Reports on the school spending plans.

Schools typically received their final position allocations in late August or early September, just days before the start of the new school year, when they often had to scramble to fill positions and shuffle classes and classrooms. Under these daunting conditions, effective school planning and budgeting is extremely difficult.

The New Budgeting System for PDB Schools

In contrast to traditional budgeting practice, in June 1999, all PDB schools were able to create school budgets and to link their budgets to their instructional plans. This milestone in school-based budgeting was reached when the 190 schools in the Phase I districts received and budgeted initial allocations for their total school budget, in dollars, and in time for effective school planning. One focus of our evaluation was to analyze how this uniquely important achievement came about.

In early June, Central went forward with the issuance of initial allocations to all the districts, despite the lack of a state budget (finally passed in mid-August). Essentially, Central allocated money that it had not yet received. Through a combination of political forecasting and fiscal balancing, Central constructed allocation parameters based on a projection of expected resources from state and city sources that represented an audacious political gamble. This extraordinary and courageous commitment to school-based budgeting and planning benefited all districts and schools, because they were able to use the early allocations to organize and plan more effectively for the new school year.

Timely issuance of the initial allocation also made it possible for the six Phase I districts to make mid-June allocations to all their schools. The PDB schools developed their own budgets from their allocations and submitted them to their district. The PDB districts then created district budgets by aggregating the school budgets and adding in the funds needed to cover district office and district-controlled functions. In late July, the PDB districts submitted these aggregated district budgets to Central, along with the 26 other community school districts.

For the first time, Central's new policies and practices restructured the previously hierarchical Central-district-Central budgeting process into a reciprocal Central-district-school-district-Central budgeting process. Schools' instructional plans could now be directly translated into school budgets. School budgets could be aggregated into, and could therefore structure and drive, district and Central budgets. School budgets aligned with school instructional plans could become the basis of a new Central budgeting system.

This critical advance in school budgeting emerged not only through Central's success in advancing the date of allocations to districts and schools, but also through the development of a radically new school-based computerized budgeting process, the Galaxy 2000 system.[43]

We assessed the effectiveness of Central's efforts to restructure resource allocation policies and practices by examining:

- Movement of fiscal responsibility and budgeting flexibility to the districts;
- Development of policies that ensure school fiscal autonomy linked to school instructional planning;
- Creation of a school-based budgeting system in which school-level decisions drive district and Central budgets.

a. Movement of fiscal responsibility and budgeting flexibility to the districts

Increased district fiscal responsibility

What was the scope and extent of restructuring of Central resource allocation policies and practices to support school-level instructional planning and budgeting?

Central's Budget Office developed a differentiated three-level approach to transfer fiscal responsibility to those districts assessed as high functioning and fiscally responsible, and to prepare other districts for accepting fiscal responsibility. The Budget Office determined which of the three levels to assign districts by evaluating their business practices against criteria the Budget Office developed collaboratively with the Phase II directors of operations.

Based on these criteria, thirteen of the 33 districts were defined as Group 1 districts for FY 00 and released from all but minimal Central oversight. Fifteen districts were defined as Group 2 districts, with significantly reduced oversight. Five districts were defined as Group 3 districts, with intense monitoring by Central.

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[43] The Galaxy 2000 software and related processes were developed by a specific field-driven initiative – the Core Group of Phase I district directors of operations -- that Central formed to take on the leadership and direction of PDB. We described the origins and development of the Core Group in our first year evaluation report, and we describe the development of the Galaxy 2000 system later in this section.

Because Group 1 districts are defined as fiscally responsible, Central no longer requires pre-approval for their budgets and budget modifications, nor does Central need to provide technical assistance and support. Group 2 districts receive technical assistance and support from the Budget Office on an as-needed basis. Group 3 districts receive extensive technical assistance to help them improve their fiscal practices.

From 1996-97, when Central first used this approach, to 1999-2000, the number of districts in Group 1 increased by three. The number of districts in Group 2 increased by three as well. Only five districts remain in Group 3. This means that there was a net movement of six districts toward increased fiscal responsibility.

Table 4.10: Number of Community School Districts in each group, FY97 and FY00.

	Number of districts. FY97	Number of districts. FY00
Group 1	10	13
Group 2	15	15
Group 3	8	5

The Phase I directors of operations perceived the increase in fiscal responsibility through this differentiated approach as a major change. "Central . . . made big changes. They don't micromanage districts that have demonstrated sound business practices," was a typical comment. "The Budget Office's differentiated approach is very helpful," commented another.

Increased district budgeting flexibility

Budgeting flexibility is important because, if the funds districts and schools can spend are so constrained by Central that the choices available to school planners are severely limited, then schools have very little control over their own budgets, and school and district accountability for student outcomes becomes ambiguous.

Our research indicates that Central introduced several systemwide changes designed to increase district- and school-level budgeting flexibility in the use of tax levy, special education and reimbursable funds:

Tax Levy funds

One of the most significant of Central's changes, directors of operations reported, was the permission given districts to roll over surpluses in tax levy funds from one fiscal year to the next. In the past, districts' inability to roll over tax levy funds forced them either to run a surplus that deprived them of some key resources, or to run a deficit that risked incurring expensive penalties. At the district and school levels, this policy hampered effective school planning by producing frantic end-of-year efforts to spend funds that would otherwise be lost.

Another significant change (described in the previous chapter) was the increase in *new* discretionary tax levy dollars – approximately $100 million for the districts, high schools and citywide special education in 1998-99 – through the budget request process. This "standards allocation,"[44] and the budget request process through which schools and districts planned for its use, gave all districts and schools the opportunity to flexibly match some additional discretionary dollars to identified school needs.

Central made the use of some categorical tax levy dollars less categorical. Explained one director of operation, "Two years ago there was the introduction of major categorical tax levy allocations (Project Read, Project Arts, etc.) with lockstep allocation memoranda. This past year, flexibility was given to the districts who wished to deviate – e.g., Project Read money could be used flexibly so long as it was used for literacy, although that use is still reviewed by Central."

Central also rolled several smaller tax levy allocations[45] into the districts' basic instruction allocation. This gave the districts and schools increased flexibility over how to meet the mandates associated with these allocations.

There were two new major initiatives in 1999-2000. Funding for Middle School Ending Social Promotion ($30 million), a program intended to serve "high risk" grades 6 and 8 pupils, was allocated in a way that districts and schools were given discretion over its use. A second initiative, Reduced Early Grade Class Size ($89 million), ultimately supported by state and federal allotments, is a program intended to reduce class sizes in grades K through 3. The funding for this initiative is, said one director of operations, "fairly directed money. It has to be used to reduce class sizes and do enrichment services, and it has to be targeted for kindergarten. How a district provides the enrichment services can be somewhat flexible."

Reimbursable Funds

Most districts reported that, in part because of Central's encouragement, they increased the number of their Title I schools participating in the SchoolWide

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[44] Schools were told to budget these funds to help them meet the new curriculum standards.

[45] Examples cited were funds for middle school guidance teachers and coverage for administrative tasks previously assigned to teachers.

Program option, which afforded these schools much greater flexibility to use Title I money in funding schoolwide improvement plans.

The directors of operations reported that there was some increased flexibility in the kinds of positions that could be funded with Title I and PCEN dollars. However, district officials were frustrated by the fact that non-Title I schools were still unable to use state compensatory education (PCEN) dollars as flexibly as could Title I schools.

Some state reimbursable funds were perceived to have "a decent amount of latitude," as one director of operations expressed it. However, district officials reported, funds for students with limited English proficiency (for ESL and bilingual programs) did not become appreciably more flexible over the two-year period of PDB implementation.

Special Education Funds

When Central turned over the operation and budgets for the Committees on Special Education (CSE) and School Based Support Teams (SBST) to the districts and schools[46], mandates remained in place for the specific types, numbers and salary levels of the CSE and SBST positions. For the first time, however, Central is allowing districts to use any money that is accrued from temporarily unfilled staff positions for prevention activities.

Districts are responsible for the instruction of students with mild and moderate disabilities; however, the funds designated to support special education instruction are almost entirely non-discretionary. During the 1999-2000 school year, Central gave a small discretionary lump sum allocation to districts to support each student whom the district decertified[47]. Also, when Central restored special education instructional support funds that had been cut in previous years, the money was given to districts with fairly flexible guidelines. Finally, through the LRE initiative[48], Central gave grants directly to schools that were ready "to establish their own initiatives," said a director of operations.

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[46] As indicted above, the CSEs and SBSTs are responsible for the evaluation and placement of students in special education programs. Responsibility for their operation was given to the districts and schools early in the 1999-2000 school year.

[47] "Decertification" occurs when a child who has been certified as requiring special education is returned to general education.

[48] The Least Restrictive Environment initiative is a Central initiative to integrate children with disabilities into general education settings.

Although these special education initiatives produced increased budgeting flexibility when compared to previous years, district officials reported frustration because the use of almost all special education funds remains primarily mandate-driven. One director of operations told us, "We should be able to use the money within special ed [for both instruction and evaluation] flexibly. If we have a high decertification rate, we should reap the benefit to serve these children."

In summary, districts enjoyed a significant increase in flexibility in their use of tax levy dollars as a result of changes in Central's resource allocation policies and practices. This flexibility gave schools and districts the opportunity to more effectively align their budgets with their instructional plans. There was no significant increase in flexibility in use of reimbursable and special education funds.

Improving district and school spending practices

There was general agreement at the district level that, as one director of operations said, "the Purchasing Office seems to be making a real effort to assist districts and give them more flexibility." Said another director of operations, "Central has made some significant changes to their purchasing guidelines. Central handles the process more expeditiously. They have really streamlined the process. For contracted vendors [handling the vast majority of purchases], they have an online FastTrack system [that] they've refined and improved" over the last two years, making it much easier for schools and districts to make purchases from contracted vendors, and to negotiate better prices.

Directors of operations also reported that Central provided more flexibility in purchasing from vendors outside the Board's list of approved vendors. Schools can spend up to $2,500 without having to participate in the competitive bidding process. They may also purchase non-contract items if found at a price that is lower than the Board's contract price. These changes should increase school capacity to make purchases from the best sources available.

Results from the survey of PDB team members, matched by similar results from non-PDB teams, confirm the director of operations' reports that schools have somewhat greater discretion in making purchasing decisions. School team members report that they have "a lot" of discretion to make purchasing decisions in key areas related to teaching and learning -- purchase of textbooks, instructional supplies and computer hardware and software.

Table 4.11: The survey asked, "How much discretion is your school allowed in making purchasing decisions in these areas?"

Percent responding "a lot" (N=95)	
Textbooks	67%
Instructional supplies	67%
Computers and software	51%
Photocopying and photocopier	44%
School furniture	30%
Building maintenance	7%
Telephone service	4%
Custodial supplies	3%

Blank and "don't know" responses have been eliminated from all tabulations.

Systemwide changes in Central's purchasing policies and practices seem to have given schools and districts greater ability to make those purchasing decisions that support their instructional plans (i.e., textbooks, instructional supplies and computers and software).

By increasing schools' ability to make important purchasing decisions, Central has begun to give schools the opportunity to strengthen the linkage between instructional plans and spending.

We found that Central increased district fiscal responsibility and budgeting flexibility by:

- ***Transferring fiscal responsibility to those districts Central judged capable of handling that responsibility;***
- ***Increasing district-level budgeting flexibility in the use of tax levy funds, and, to a more limited extent, in the use of certain reimbursable and special education funds; and***
- ***Improving district and school spending practices.***

b. Policies that ensure school fiscal autonomy linked to school instructional planning

Before school planning teams and school-based budgeting were mandated by the legislature, there was no explicit policy about the roles and responsibilities of each level – Central, district and school – for instructional planning and budgeting. As a result, local school-based planning and budgeting policies and practices varied considerably across the districts. Some districts allowed their schools no flexibility in budgeting, and little flexibility in instructional planning. At the opposite pole, a few districts had been encouraging school budgeting and instructional planning for some time.

In response to the 1996 governance legislation, Central developed a far-reaching policy that grappled with the inevitable dilemma that confronts central administrators: how to mandate from the top a program aimed at encouraging bottom-up change. Central's 1998 School Leadership Team (SLT) policy explicitly requires districts to develop plans "for supporting the transition from centralized control to school-based autonomy."[49]

The new SLT policy sets up a "flexible framework for a performance-driven school system" and defines a set of roles and responsibilities for schools, districts and Central. Within this framework, districts are encouraged to adopt a "differentiated approach" that can accommodate different levels of school readiness.

Under the new policy, districts are responsible for establishing district-level policies for student performance, within the context of systemwide policies and standards. The plan further states that district policies must determine "the range of instructional/curriculum and professional development choices available to the schools," and establish "guidelines for budget decision-making, including the flexibility schools will have in transferring funds across budget categories and developing their own staffing structures." The school is responsible for developing specific educational strategies and budgets within this framework established by Central and each district.

Central's SLT policy is formulated to develop a balance of responsibilities across the three levels – Central, districts and schools -- and to differentiate who is responsible for doing what at each level. Several Phase I districts had been experimenting with this same issue of balance between top-down and bottom-up management for several years; these districts had developed particular approaches in balancing district and school responsibilities. Their common strategies include:

- Clearly defining the respective roles of districts and schools;
- Establishing the range of instructional choices and the extent of budgeting flexibility schools are granted;
- Monitoring and supporting school planning and budgeting efforts; and

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[49] Chancellor's School Leadership Team plan, p.34.

- Determining the relative mix of freedom, oversight and assistance each school is granted, based on an assessment of each school's capacity for instructional planning and budgeting.

Central's SLT policy seems to have learned from, and built upon, the strategies developed by the Phase I districts to combine top-down and bottom-up approaches. Central's policy specifies that school teams are responsible for two activities – instructional planning and budgeting. Districts are responsible for supporting schools and for determining their relative mix of freedom, oversight and assistance. The SLT policy encourages a productive tension between districts and schools about the appropriate roles and responsibilities of each. One example: while giving some latitude to the districts to establish district-specific enforcement and oversight functions, the SLT policy makes it abundantly clear that schools, not districts, are the locus of instructional planning and budgeting, and that the school team is the sole vehicle for that process.

Districts have three years to fully implement Central's SLT policy. By 1999-2000, the second year of implementation, all schools must have functioning teams. By Spring, 2000, all schools must create CEPs. By the following school year, all schools must prepare school budgets linked to their CEPs. Central's plans include training and support for districts and schools as well as extensive oversight of district and school implementation.

Thus, Central's School Leadership Team policy is designed to ensure that schools will attain fiscal autonomy that is linked to instructional planning. What remains to be seen, perhaps in next year's evaluation report, is how effectively both Central and the districts support the implementation of the School Leadership Team policy.

c. Creation of a school-based budgeting system in which school-level decisions drive district and Central budgets

School-based budgeting efforts in other cities have often left in place the structural mechanisms through which money moves from Central to the schools. In those cities, school teams receive a defined allocation with specific discretionary sums they can budget and spend. But the system still remains a top-down budgeting system with allowances for limited discretion to schools at the bottom.

The initial notion of PDB assumed that there were problems with Central's structure that would have to be resolved during the effort to lodge the budgeting function at the school level. But the metaphor underlying the restructuring effort assumed adjustment rather than radical change. After control of PDB shifted from Central to the Core Group, which consisted of the most knowledgeable school budgeting experts in the system[50], the Core Group decided that the Central budgeting mechanism itself was the key impediment to genuine school-based budgeting. The Core Group was convinced that Central's budgeting system needed radical restructuring and that school-level budgeting decisions had to determine district and Central budgets – a total reorientation of traditional systemic policies and practices. Otherwise, the Core Group argued, Central's existing allocation and budgeting practices would ultimately frustrate the Core Group's efforts. Therefore, the group set out to develop a new systemwide budgeting system. The Core Group is designing Galaxy 2000, a software program whose operation is forcing changes in purchasing, human relations, payroll, budgeting, accounting, and other Central business functions, as well as in Central's information systems.

The Core Group decided that the new bottom-up school budgeting system must be built from the school's budget up. Galaxy 2000 will:

- Derive a school budget from the school's instructional program;
- Support a wide range of school-level instructional designs;
- Be easy for school planners to understand, access and use;
- Provide maximum budgeting and spending flexibility;
- Be completely integrated with Central's fiscal and information systems; and
- Force Central to change those policies, practices and systems incompatible with school-developed budgeting.

The PDB goal of aligning resources and instruction at the school level "closest to where teaching and learning take place"[51] continues to shape Galaxy's design and development. According to its developers, Galaxy is focused on "the programs in the school and how they are funded. It's about teachers and students, not so much about budgets."[52]

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[50] See our First Annual Report of the Evaluation of Performance Driven Budgeting for a description of this shift.

[51] See Appendix A: PDB Goals & Principles.

[52] Galaxy 2000 was first implemented in the schools in five of the six Phase I districts in June 1999. Districts 2, 9, 13, 19 and 20 used Galaxy to create their school and district budgets. District 22 decided to continue to use its own school-based budgeting system and to defer the changeover to Galaxy to after the 1999-2000 school year.

Galaxy allows school planners to build their school budgets from their tables of organization, which list the staff positions specified in the school instructional improvement plan (CEP), as well as the non-personnel expenditures each school makes. Galaxy automatically calculates a school's budget from this school-developed table of organization. Once approved by the district, this budget becomes the school-created school spending plan, replacing the traditional district-created school spending plan.

Galaxy is easy to use. It employs straightforward user interfaces, standard English instead of accounting jargon, and descriptive job titles and plain-English item descriptions instead of arcane codes. Rules and restrictions on the use of various funding sources, built into the software, are designed to prevent schools from making impermissible choices -- such as using money earmarked for textbooks to pay for a classroom teacher's salary. The built-in rules also guide schools to spend money from the most restrictive funding source first.

The Galaxy design is interactive, allowing school planners to see, plan, adjust and spend their allocations without unnecessary bureaucratic delays. Galaxy will also simplify school- and district-level administrative procedures, such as personnel, payroll and purchasing, because it will be fully integrated with all Central fiscal and personnel systems.

Schools using Galaxy will have the ability to modify their budgets almost immediately. When a school has a change in its instructional improvement plan – for example, replacing a staff developer position with a staff development vendor – modifications should be approved, and money transferred into the appropriate categories, as quickly as overnight. For the first time, schools will be connected to all Central fiscal systems, as well as to Galaxy. Linkage to Galaxy and to Central's systems is through a laptop computer, which makes Galaxy and other systems accessible to team members at any time and place.

The Core Group and the Galaxy project manager oversee Galaxy design, development and implementation. A new, high-level Central task force, the Galaxy Steering Committee,[53] is charged with removing roadblocks and guiding the successful implementation of Galaxy throughout the school system.

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[53] This committee is comprised of the Chief Financial Officer, the Chief Information Officer, the PDB Project Director, a Core Group member, the Director of Business Systems, division executives from the budget, financial operations, funded programs and revenue operations divisions, and a representative from the office of the Deputy Chancellor for Instruction.

In response to the development of Galaxy, Central and the field-based Core Group have managed to surface, and begun to remove, some of the most significant resource allocation barriers to effective school planning and budgeting. Policies and practices must now be developed to ensure that schools receive allocations that contain virtually all school dollars; that schools have greater control over budgeting and spending those allocations; and that schools receive those allocations in sufficient time to do effective planning and budgeting.

Thus, Central and the Core Group are developing and implementing a new budgeting system that gives schools almost total control over their budgets. Budgets developed at the school level – which drive district and Central budgets -- are the core building block of the new reciprocal budgeting system.

Conclusion

Central has undertaken a major restructuring of resource allocation policies and practices that is removing some of the most significant barriers to effective school planning and budgeting. We found that:

1. Central increased district fiscal responsibility and budgeting flexibility by:
   - Transferring fiscal responsibility to districts Central judged capable of handling that responsibility;
   - Significantly increasing district budgeting flexibility in the use of tax levy funds, and, to a more limited extent, in the use of reimbursable and special education funds; and
   - Improving school and district spending practices.
2. Central's School Leadership Team policy is designed to help schools gain fiscal autonomy that is linked to instructional planning.
3. Central and the Core Group are developing and implementing a new budgeting system that is giving schools almost total control over their budgets. Budgets developed at the school level – which drive district and Central budgets -- are the core building block of the new reciprocal budgeting system.

AREA 3: PROVISION OF INFORMATION THAT SCHOOLS NEED TO PLAN AND BUDGET

Are Central and the districts providing schools with the information they need to plan and budget?

To effectively implement school-based instructional planning and to configure their budgets to those plans, schools and their districts need a wide variety of information and data to analyze. This section reports our examination of the extent to which schools were receiving the information critical to effective decision-making. We divided the information necessary for effective decision-making into the following categories:

- Information about student and school demographics and outcomes;
- Information about the effectiveness of current school practice; and
- Information about school fiscal resources.

a. Information about student and school demographics and outcomes

In last year's evaluation report, we indicated that Central managers were aware of the need to better support school planning activities with useful, timely and understandable information about student performance and school outcomes. Central took several steps this past year to provide student performance data that is more useful to school planners; and to train superintendents and district staff in the use of these data in instructional planning.

For more than a decade, Central has been upgrading its computerized database management system called ATS (for "Automate the Schools"). This system, which helps schools record, report and analyze student data, is primarily a student register and attendance system that also captures and reports a large variety of student biographical and assessment information. Reports can be generated to help districts and schools select and sort different groups of students by different need categories, such as eligibility for Title I, PCEN, bilingual and other funded programs; holdover risk status; free lunch eligibility; and exam history.

Central is constantly improving the utility of information available through the ATS system and in other formats as well. For example, newly-developed reports available through ATS provide information on: student year-to-year test score gains; student test scores disaggregated by grade, gender, ethnicity, special education status and other factors; overall school progress; and gains in English proficiency for English Language Learners.

Almost all districts reported that the data provided on student performance – whether through the ATS system or via other channels -- was useful and accurate, and had improved over the past two years.

Two particularly helpful analyses cited by superintendents were quartile data analyses and the Item Skills Analysis.[54] "We get item analyses by district, school, class and grade, targeted for populations," said one superintendent who found the multiple data disaggregations very useful. "They have disaggregated the data in so many ways, it's phenomenal – longitudinal, gender, ethnic, grades, income levels, comparisons with similar types of schools, language, etc."

The PDB superintendents also praised the ECLAS assessment system[55]. Students in grades K through 3 are measured individually every fall and spring on four strands of a literacy development checklist. Teachers are taught how to convert the ECLAS information into instructional plans. "Feedback tells us that schools feel ECLAS is giving them a world of useful information," said Central's Director of the Division of Assessment and Accountability Robert Tobias.

District officials in all the PDB districts told us that they analyze and repackage Central-supplied data for their schools. In one district, the superintendent explained, district staff "download the data, put it in a spreadsheet and rework it."

At least three of the Phase I districts also supplement Central-supplied data with school- or district-developed assessments. "A lot more goes into evaluating students and schools than scores alone," commented one superintendent. Said another: "We strongly suggest to schools that they do constant assessing. For example, the math program tests children every six weeks. In reading, schools use end-of-level tests. At the beginning of the year, all teachers are encouraged to diagnose the strengths and weaknesses of each student in all areas."

Two superintendents suggested, however, that Central overwhelms schools with data. Central "gives the schools too much data, and is in danger of flooding schools with data they can't assimilate."

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[54] Central's Items Skills Analysis provides information about student performance on the citywide reading assessment, in four basic skill areas (basic understanding, text analysis, evaluating meaning and identifying strategies), by student, class, school/grade, and by district/grade. It also provides a comparison to nationally normed scores.

[55] The Early Childhood Literacy Assessment System is a K-3 low-stakes performance assessment designed primarily to help teachers analyze young children's developmental progress in literacy and to use the results to reconfigure appropriate classroom instructional strategies.

All districts said that the capacity of their schools to use student performance data had improved over the past two years. "Ultimately, the utility of data depends on each school's capacity to analyze, understand and use it, and we're working at building that capacity constantly with each of our schools," was a typical comment from a superintendent.

Although extensive training and support is available to all schools and districts, schools vary greatly in how well they use the ATS system. One obstacle is that, because of confidentiality concerns, few personnel other than school secretaries and principals have access to the system. Another is that the system's format is outmoded and not "user-friendly."

Many practitioners feel that the Annual School Report is not very useful for school planning purposes because test scores and other data contained in this report are one year old at the time of the report's issuance.[56]

Lack of timeliness of the data was described as a major problem. Central is aware that the state's 4th and 8th grade math tests and the 8th grade English Language Arts test are especially problematic because they are given in June. Robert Tobias, Executive Director of Central's Division of Assessment and Accountability, said "that's late to be using the results instructionally . . . I had urged the state to give all the assessments in March . . . It would give us time to get the results back to the schools before the end of the school year."

"The data [city and state reading and math tests] come in too late, after the school planning is done in June," said one district official. "The timeliness of providing results must be improved!" A third commented that the unpredictable timing of data arrival makes it difficult for schools to utilize data most effectively in their planning.

The three PDB principals we interviewed found that the data provided by Central was, in a general sense, useful and accurate; so did the four non-PDB principals. One of these principals, however, elaborated on that school's view that the Central-supplied data's usefulness was limited to accountability purposes. Central-supplied data was not sufficiently targeted to their school's assessment needs, this principal said, in terms of what was tested, the frequency of testing, and the timeliness of reporting results. This school relied heavily on a variety of frequently-administered district- and school-developed assessments that identified student needs more precisely. The school's teachers constantly received information that helped them adjust their teaching to how well their students were performing in specific skill and content areas. The data also helped the school's planning team evaluate how well specific interventions were working.

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[56] The report is a comprehensive 8-page document that uses city and state data to describe the school and its staff and students

The PDB and non-PDB principals also reported that lack of timeliness was a serious problem. One PDB principal told us, "Citywide test scores are too late to be used in instructional planning. The school report card is actually a whole year behind the test. This means we have to act on last year's information. We don't have information on this year's children from the Board, yet we have to plan programs to meet their needs."

School planners seem to have benefited from the improvements Central and the districts have made in the quality and utility of the student data analyses they provide the schools. Results from the survey of PDB team members (and similar results from non-PDB teams) confirmed the principals' and superintendents' views about the general utility of the student data school planning teams received. Our survey asked,

Table 4.12: How useful are the data your team received in identifying the needs of these at-risk students?

Percent responding "very useful" (N=95)	
Students not meeting state standards in reading	78%
Students not meeting state standards in math	77%
Students with limited English proficiency	66%*
Students requiring special education services	59%*
Newly arrived students	55%*

*Blank and "don't know" responses have been eliminated from all tabulations. An asterisk indicates a survey question where more than 20% of the responses were blank or don't know.

b. Information about the effectiveness of current school practices

Central managers have been aware of the need to further refine the PASS (Performance Assessment of Schools Systemwide) school evaluation instrument, designed to help schools assess the quality of their instructional practice. In last year's evaluation report, we noted that Central hoped that PASS would evolve into a crucial diagnostic tool for School Leadership Teams. This past year, Central evaluated and refined the PASS tool and the procedures for its use. Central provided training for all the districts, to enable PASS to become a collaborative district-school process that uses "self-reflection and information gained from the review to drive changes in the schools," said Robert Tobias, Executive Director, Division of

Assessment and Accountability. PASS is also used by Central monitors to evaluate school practice in low-performing schools.

The districts all use PASS and, in many cases, encourage their schools to use PASS as a form of self-assessment. For example, one higher-performing district implements a PASS review with one third of its schools, and asks the other two thirds to "do an informal PASS during the other two years as part of their CEP process." Another district with many low performing schools says that its schools use PASS, "but not independently yet. They are exposed to it in one of two ways: Central monitors come in and conduct a PASS review, or the district does one. It's initiated externally. My hope is that as PDB goes on, they'll initiate it themselves from within and use it to reflect on what they're doing."

Superintendents said they found PASS a useful tool in identifying areas of school practice needing improvement. One reported that PASS "is absolutely a useful tool. School staff say it's really helpful and interesting." Superintendents qualified their comments about PASS's usefulness by pointing out that it took time away from teaching and could become a source of information overload.

The three PDB principals gave PASS excellent reviews. One said "It was excellent. We came up with some very good ideas." Another said the school uses PASS "for self evaluation to see if we are on target. It is helpful in reaffirming, and helps to get buy in." The third called PASS "very, very useful. It's a good way to look at your school." The four non-PDB principals concurred with this judgment.

c. Information about school fiscal resources

In 1995-96, Central began to issue School-Based Budget Reports (SBBRs) and School-Based Expenditure Reports (SBERs). These reports detail how money was budgeted (SBBR) and spent (SBER) for every school and district in the city. Taken together, the SBBRs and SBERs comprise, as we noted in last year's evaluation report, a comprehensive, transparent budget reporting system that is unprecedented for any major school system in the country. But how useful are the SBBRs/SBERs to school planners?

The districts reported that the SBBRs/SBERs are useful mostly to compare district-to-district and school-to-school expenditures. One superintendent told us that the SBBRs/SBERs "took off the table issues of [intra-district] inequity. It's good that it continues for this reason." Other superintendents told us why they felt that these Central fiscal reports were not as helpful to school planners. "Schools want clearer categories plus something that will give them the capacity for yearly accounting."

The PDB and non-PDB principals all said that they do not use the SBBRs/SBERs. One PDB principal called them "an accounting device." Another said they "talk about areas over which I'm not in control, and money we don't get."

One superintendent noted that the SBBRs/SBERs might well become more useful to school planners once Galaxy is fully operational. Galaxy is designed to capture much more information about the actual instructional roles that school and district personnel carry out. The school spending plans reduced from Galaxy-created school budgets should contain this more detailed information; the SBBRs/SBERs, based as they are on school spending plans, should thus represent the school's true budgeting and spending patterns. One benefit to school planners is that Galaxy should be able to demonstrate, through analysis, the relative costs of different instructional strategies employed by schools (and districts) throughout the city.

The Galaxy system, as designed, will be updated daily, and will show all funds available to a school. School planners will be able to easily see and understand where and how their money is budgeted and spent, by program, by grade, or even by class. Planners will be able to retrieve information about the costs of different instructional strategies, including personnel and non-personnel costs. Finally, budgeting and spending will be greatly simplified because the rules and regulations governing budgeting and spending are being built into the Galaxy system, thus making it possible for educators, parents and other school planners to understand the available options.

Conclusion

Schools participating in the PDB initiative are receiving more of the data they need to plan and budget effectively:

- Central and the districts have improved the usefulness of the demographic and outcome data they provide to schools. Late reporting of student performance data, primarily because of the state's testing schedule, remains a major problem.
- Central's PASS instrument seems to be a successful Central-developed tool to help schools analyze their practice and determine what instructional practices need to change.
- The Galaxy system is designed to provide information about the availability of school-level resources and the rules governing their budgeting and spending of these resources. However, because Central's financial systems are in transition, school planners must currently rely primarily on district- and school- supplied data to guide their budgeting and spending decisions.

AREA 4: DEVELOPMENT OF THE CAPACITY AT ALL LEVELS TO SUPPORT SCHOOL TEAMS' WORK OF PLANNING AND BUDGETING

What is each level of the system doing to increase its own capacity to support the critical work of school-level planning – that is, to build the capacity of the school and its team to implement PDB?

As Central develops the systemic structures that support school-based instructional planning and budgeting, scaffolding for PDB is being put into place. But another critical task is to develop the capacity of schools, or teams at the school level, to carry out effective school-based planning and budgeting. The existence of almost a hundred schools defined by the New York State Education Department as low-performing; the designation of another hundred schools as Chancellor's Priority Schools; and the likelihood, as our Institute's work in other areas indicates,[57] that almost a third of the city's elementary and middle schools are at risk of failing to adequately educate their students, suggest that the capacity to plan and budget effectively is severely limited at too many of the city's schools.

In this section we report our findings from interviews, surveys and observations, probing for evidence of increasing capacity to support school-developed planning and budgeting at the Central, district and school levels.

Building Central capacity

Central's efforts to build systemic capacity to support school-level planning and budgeting involves four areas: integrating school planning elements; integrating critical data functions; integrating bottom-up and top-down fiscal systems; and making Central divisions more service-oriented.

Integration of school planning elements

An integrated, school-developed planning and budgeting system did not exist prior to Chancellor Crew's articulation of a performance-driven school system. Within PDB, according to former Deputy Chancellor Spence, school planning consists of three basic elements – a school planning team (SLT), an instructional improvement plan (CEP), and a school budget. Ideally, the school planning team should plan and budget within the context of an integrated, multi-level planning and budgeting system. But currently, school planning teams operate within a hybrid environment that juxtaposes a traditional hierarchical system with a new system whose outline is emerging from the Galaxy pilot efforts. In the process of implementing Galaxy, PDB schools and districts identified several impediments to an integrated, multi-level planning and budgeting system:

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[57] Ascher, C., N. Fruchter and K. Ikeda, *Schools in Context: an Analysis of SURR Schools and their Districts*, NYU Institute for Education & Social Policy, 1999.

Lack of coordination of CEP development and school budgeting:

Central's CEP instruction manual advised school teams to conduct a needs assessment, to "discuss proposed alternatives to strengthen the instructional programs . . . [and then to] align the school's goals and objectives with the Chancellor's Initiatives and the superintendent's goals."[58]

However, several problems in this process became evident as the 1998-99 school year progressed:

- Current year student performance data was not available in time for the schools' needs assessment process.
- Schools were unsure whether to use the superintendent's goals specified in the current year's District Comprehensive Education Plan (DCEP) or the as-yet-to-be-specified goals for the following year's DCEP.
- New Chancellor's Initiatives, such as the summer school program, were introduced after the school planning process was finished.
- Schools' plans to "strengthen the instructional programs" were developed without knowledge of how much money the schools could spend in that endeavor.

CEP and DCEP are flawed planning tools:

Practitioners raised concerns that the CEP was "unfocused" and "too comprehensive" and could not serve both functions well—a planning tool for local educators, and a compliance document for state regulators overseeing school improvement efforts in low-performing schools. The DCEP, into which the CEPs aggregate, also serves as the district-level document that meets state programmatic description requirements for ten or more reimbursable programs.

Disparate and fragmented Central initiatives:

As noted in last year's evaluation report, districts and schools reported that Central's directives typically reach schools as "disparate and fragmented initiatives," making effective school operations and planning more difficult. One cause of this fragmentation is the plethora of mandates from city, state and federal entities. Central offices may respond to these mandates in isolation from each other, sending directives to the field with timetables and requirements to ensure compliance. Often missing from this process is an appreciation of the struggle of school planners to integrate these mandates into comprehensive instructional efforts to meet student needs.

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[58] Guide to Completing the School Comprehensive Educational Plan 1999-2000, p.2

There is recognition at Central that these impediments to successful integration of school planning elements must be removed for school planning and budgeting efforts to be successful. Former Deputy Chancellor Spence and Deputy Chancellor Rizzo convened a working group of Phase I PDB superintendents which began to meet in the spring of 1999. Subjects under discussion include a common calendar for school planning and the development of a new CEP and DCEP that become more focused tools for school and district planners.

Integration of school data functions

As mentioned above, districts and schools reported that school teams conducting needs assessments were not given student performance data quickly enough after students were assessed, and that the timing of assessments was not always integrated with the school planning cycle. A related problem is that the data, as reported, often do not reflect the actual organization of schools and programs. For example, a school building housing three independent programs might get three sets of student data, but only one school-based budget report (SBBR).

These problems exist, in part, because Central's fiscal and student data systems are independent of each other. Some information systems, such as those administered by the Division of Assessment and Accountability, which maintains Central's student data files, fall under the responsibility area of the Deputy Chancellor for Instruction. Other information systems, such as ATS and the personnel, payroll and accounting systems, are the responsibility area of the Deputy Chancellor for Operations.

Recognizing that the traditional lack of integration of Central's information systems is a major impediment to effective school planning and budgeting, Central formally transferred the technology and information system responsibilities housed in the two divisions to a new Division of Information and Instruction Technology. Former Deputy Chancellor Spence said this restructuring was essential to ensure "that the appropriate data be made available at the appropriate levels for management decision-making."

Integration of bottom-up and top-down fiscal systems

Both Central and the Core Group anticipated that the design and implementation of Galaxy 2000 would surface existing fiscal practices impeding the development of an effective school planning and budgeting system. Therefore, early in the 1998-99 school year, Central formalized the conversation between the Core Group and Central's financial managers by forming the Galaxy Steering Committee, composed of the Core Group leader, the PDB Project Manager and Central's top financial and information system managers. The Galaxy Steering Committee works to resolve those issues surfaced by Galaxy's implementation that impede the development of a bottom-up fiscal system.

Our observations of the committee's meetings confirmed CFO Beverly Donohue's assessment that the committee "does troubleshoot tough issues and force different offices to face the implications of the changes in business practice that Galaxy and PDB require."

Becoming more service-oriented

Several Central offices in the Operations Division began to take steps to change from a "catching failure" role to a Central-as-service-provider role. Managers of these offices, most notably in the business, purchasing, information systems and finance areas, reported that they emulated the approach of the Budget Office in restructuring their areas.[59]

Building districts' capacity

During the past year, Central took several steps to help districts prepare themselves to assume their new roles as facilitators of school decision-making and as service providers for fiscally autonomous schools:

- Central provided three small allocations to districts to help support their transition to their new roles. Phase I and Phase II PDB districts received a one-time $40,000 planning grant. Phase I districts also receive approximately $72,000 per year to compensate for time spent by district staff on Core Group activities. Finally, starting in FY 99, all districts receive $65,000 per year to support district SLT activities. According to Central, "Most districts have chosen to use the allocation either to pay for a staff person who will support teams or to purchase consultants to provide training to teams."[60]

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[59] As discussed elsewhere in this report, the Budget Office moved from a top-down approach that required approval of every budget and every budget modification in every district, to one that minimally monitored many districts, while providing greater support and oversight for the districts needing assistance.

- Second, as noted previously, the Budget Office provided training and technical assistance to help district personnel become more proficient in standard business practices. The Budget Office assumes that districts with more business expertise will be better able to help their schools develop their own capacity. Evidence of increased district proficiency is the fact that six districts moved into higher categories of proficiency over the three years of the Budget Office's "differentiated approach."
- Because district business personnel typically have training and experience in business practices, but little or no background in pedagogy, they are often not fully aware of the relationship between school instructional planning and school budgeting. Their main focus has been to run the business side of the district. Similarly, district-level educators typically have considerable pedagogical expertise, but little business training or experience. Both need to see the whole picture – budgeting and spending in support of school instructional planning – and learn how to become effective managers in a performance-driven system.

  Toward that end, during the 1998-1999 school year, Central provided the Phase I and Phase II directors of operations with a graduate-level management training course at New York University's Wagner School of Public Service. The course was designed to help district business staff become more aware of their role in changing their district and school personnel into participants in a performance-driven system.
- In June 1999, Central provided district business staff in the six Phase I districts with specific, detailed training in the theory and operation of the Galaxy system. One week later, district staff provided the same training for school principals and others identified by the school.

Districts also expanded their own capacity to support school planning and budgeting. Because the directors of operations of the PDB Phase I districts played a dual role as designers of the Galaxy system and as directors of operations in their own districts, they were in a good position to prepare their districts for the Galaxy implementation that began in June 1999.

Most of the PDB districts created or restructured district office positions to coordinate support for school teams doing school planning and budgeting. District officials told us that their staffs recognized that their new roles involved providing greater support for school-based planning and budgeting. The three PDB principals we interviewed agreed that principals in their districts had the opportunity to provide input into district-level decisions about school planning and budgeting. "There are open discussions," one said, "and many opportunities at principals' meetings."

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[60] "Answers to Commonly Asked Questions about School Leadership Teams, June 1999"

Building schools' capacity to support school planning and budgeting

Central

During the 1998-99 school year, Central took a number of significant steps to help schools become fiscally autonomous, and to help school teams learn how to perform their roles as planners and budgeters. Central:

- Gave school teams throughout the City two new allocations: a $10,000[61] annual "school leadership development and continuous improvement allocation." The $10,000 is a flexible lump sum "specifically for building the capacity of the team (including parent outreach) and ensuring that it accomplishes its core tasks of developing the school's CEP and budget."[62] Central also allocated money to provide, at the discretion of the district and the team, up to $300 per member for "annual reimbursement in lieu of traditional compensation." The latter is an important recognition that the work of all team members – parents, staff and principals – was equally valuable.
- Facilitated SLTs' purchase of planning and training services by providing a list of pre-approved individuals and organizations offering these services. Central generated the list through a formal RFP process. School teams are free to purchase the services they need with their $10,000 SLT development allocation.
- Held borough-wide informational workshops about SLTs that showcased the work of individual districts and schools.
- Disseminated materials with clear, detailed answers to commonly asked questions about SLTs.
- Provided support for SLTs and districts by phone and on-site.
- Provided trainers, at district request, on all aspects of SLT work.
- Provided ongoing training and technical support about Galaxy for all schools in the PDB districts.
- Provided user-friendly business and human resource brochures, as well as a web site, to explain business and personnel matters in a more service-oriented style.

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[61] $10,000 is an average per school amount. The amount varied, depending on the number of students in each school.

[62] *Answers to Commonly Asked Questions about School Leadership Teams*, June 1999.

- Developed plans for a broad, $9 million, 3-year citywide parent outreach and training effort.

Districts

Each Phase I district brought to the PDB initiative an individual history of district activity in support of school planning and budgeting (see Chapter 3). As the PDB initiative unfolded, districts exhibited this same variety in the type and level of training and support they provided their schools.

District officials reported that they provided training for principals, constituency groups, whole teams and/or individual team members in the essential areas – how to do budgeting and purchasing, how to develop CEPs and how to work effectively as a team. What each district emphasized in its training program reflected particular district perspectives, and the amount of time they were able to devote to school planning and budgeting activities.

For example, two districts focused much of their training of teams and team members on understanding and implementing curriculum standards. Another district stressed working with school communities on how to build school consensus. A fourth provided extensive training on school finance and collaborative decision-making. Formats also varied: one-shot district and/or school retreats vs. several-month-long courses; informational sessions vs. hands-on workshops; district- or Central-led training vs. parent-led training; and constituency-specific training vs. cross-constituency sessions open to all members of the school community. Districts provided training in a variety of formats, and in a variety of settings and time frames, depending on subject matter, constituency and local demand.

One consistent concern raised by participants at all levels was the lack of time for effective training. Members of the school community stressed that their available time for training was stretched even thinner by the demands of preparation for new city and state high-stakes assessments, new curricular standards and other instructional mandates. A related concern was the need to train the many new members who joined pre-existing teams that increased in size after the SLT policy was put in place.

There were also a number of concerns raised about lack of support for principals in their expanded role as leaders of collaborative planning and budgeting enterprises. One PDB principal told us, "There are too many responsibilities that require too much expertise in new areas on top of everything else. Leaders become overwhelmed. These changes need to happen, but it's always the same person responsible and accountable." A principal in a non-PDB school echoed a concern of the non-PDB principals in our study, “I feel I’m responsible for every child’s welfare and safety. I don’t want to worry about having to be in charge of the money as well. We need an administrator at the school.”

Survey results

Results from our survey of PDB team members indicate that most PDB teams, even prior to full implementation of the SLT policy,[63] are receiving some training in the areas essential to school-level planning and budgeting. Non-PDB team members also reported receiving some training in most of these areas.

More than half of both the PDB and non-PDB planning team members indicated that they themselves received some training for their work on their school’s planning team. This was a surprisingly high percentage, as most of the team members in 1998-99 were new. The survey asked,

Table 4.13: Did you receive any training at all for your work on the planning team?

Percent of PDB team members responding yes (N=95)	Percent of non-PDB team members responding yes (N=20)
54%	68%

*Blank responses have been eliminated from all tabulations.

We asked another series of questions about whether planning teams received training in specific areas relating to the work of school teams. The response was very positive. The survey asked,

Table 4.14: Did the planning team receive any training, materials and/or support in:

	Percent of PDB team members responding yes (N=95)	Percent of non-PDB team members responding yes (N=20)
Effective team decision making?	79%*	88%
Understanding student performance data?	63%*	48%*

*Blank and “don’t know” responses have been eliminated from all tabulations. An asterisk indicates a survey question where more than 20% of the responses were blank or don’t know.

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[63] The SLT policy was passed by the Board in November 1998. Central began a three-year phase-in during the 1998-99 school year. Most of the support and money for training and stipends Central provided for school teams, however, was not available until late in the year. The list of pre-approved vendors wasn’t finalized until June 1999. Therefore, the first full year of SLT implementation will be 1999-2000, too late to be reflected in our interviews, observations and surveys.

The survey also asked,

Table 4.15: Did your school's planning team receive training in:

	Percent of PDB team members responding yes (N=95)	Percent of non-PDB team members responding yes (N=20)
How to read a budget?	**66%***	**67%***
The budgeting process?	75%*	67%*
The roles of PDB participants?	68%*	40%*
How to allocate resources with more flexibility?	64%*	21%*
How to develop effective instructional strategies?	56%*	36%*
How to link resource allocation choices to instructional planning?	58%*	50%*

*Blank and "don't know" responses have been eliminated from all tabulations. An asterisk indicates a survey question where more than 20% of the responses were blank or don't know.

Conclusion

Our overall finding is that Central and the PDB districts have taken preliminary steps to improve the capacity of schools and districts to implement effective school planning and budgeting:

1. Central is enhancing system capacity to support school-level planning and budgeting by integrating school planning elements; integrating critical data functions; integrating bottom-up and top-down fiscal systems; and making critical Central divisions more service-oriented.
2. Central is providing allocations to support district staff, as well as training in effective business practices, management techniques and the Galaxy budgeting system. PDB districts are rethinking district staff functions to create support for school planning.
3. Central is providing an average of $10,000 to each school team to build team capacity and $300 to each team member for his or her work on the team; facilitating team purchase of training services from outside providers; providing explanatory materials, informational workshops, call-in and on-site support, and Galaxy training and support; and creating plans for citywide parent outreach and training.
4. PDB Phase I Districts provided training and support for their school teams, which varied in emphasis and depth in each district.

AREA 5: CREATION OF MORE BROAD-BASED, PARTICIPATORY AND EFFECTIVE SCHOOL-LEVEL DECISION-MAKING STRUCTURES

Previous school-based planning efforts

To what extent does the PDB effort, and the complementary reforms associated with it, transcend the limitations of previous efforts to lodge instructional improvement and budgeting at the school level, and produce a genuinely broad-based, participatory and effective system?

School-based planning has a two-decade long history in New York City, beginning in the 1980s with the CSIP (Comprehensive School Improvement Project) planning teams that Central required for low performing schools. When Chancellor Fernandez took office in 1990, he spearheaded another experiment with what was then called school-based management/shared decision-making. In the same period, a New York State regulation – Section 100.11 – was promulgated that required districts throughout the state to prepare a plan by 1994 for the "participation by teachers and parents with administrators and school board members in school-based planning and shared-decision-making."

More recently, changes in the federal Title I (formerly Chapter 1) program empowered school planning teams to use Title I funds for whole-school improvement. The SchoolWide Program option gave many Title I-eligible schools the opportunity to empower multi-constituency teams to develop school improvement plans and to budget some portion of their school funds.

Many of these experiments in school-based planning, both in New York City and around the country, were deemed by critics and participants alike to be quite limited. School planning teams were often viewed as ineffectual because the teams had neither the power nor the authority to make decisions about critical school improvement issues, were not given the school's allocation to budget, and were often absorbed in discussions and decisions peripheral to instructional improvement. The failure of school-based teams to impact the critical decisions affecting academic achievement often led to widespread cynicism about the motives of central administrations in introducing systemic governance innovations that invariably became cosmetic.

Thus, current efforts to devolve decision-making to the school level in New York City are situated within a context of considerable skepticism about effectiveness, given the limits of past efforts.

1998 School Leadership Team Plan

Central's 1998 School Leadership Team (SLT) policy was designed to transcend the limits of previous efforts at participatory school-based planning and decision-making in New York City. The SLT policy envisions school-level decisions made by a broad-based team in which the key school constituencies are *equal* participants. Key features include:

- Every school must create an SLT.
- The role of the team is to "determine the educational vision and direction of the school, make key decisions about the instructional strategies that will be implemented to achieve that vision, and align the budget to support these strategies."[64]
- The composition of the team consists of a "balance" between parents and staff, with the principal, the teachers' union representative and the PTA president as ex officio members. Parents must have at least the same number of voting members as school staff. Students must be included as members in high schools (Student participation is optional at other levels.). Community-based organizations and other individuals may petition to participate. Team members are elected by their own constituencies.
- All team decisions are made by consensus. By-laws must be developed to specify team size, composition and operating principles.
- Central provides $300 annual reimbursement for all team members, regardless of constituency. (Setting the same reimbursement for all members is designed to contribute to equalizing relationships within the team.)
- Central provides $10,000[65] training money for each SLT, to help members develop the capacity to participate meaningfully.

The SLT policy differs from previous efforts to institute school-based planning or school decision-making in four important ways:

- The SLT's role is to do planning and budgeting, and only planning and budgeting.
- The money the SLT budgets is the school's entire annual fiscal allocation.
- The SLT has the same number of parents as school staff.
- The SLT has funds available to train itself and to reimburse its members for time spent on the team's work.

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[64] "Answers to Commonly Asked Questions about SLTs, June 1999", p.12

[65] $10,000 is an average amount. The actual amount varies, depending on the number of students in the school.

The SLT policy also provides for a District Planning Team, responsible, at a minimum, for developing the district's SLT plan (also called the 100.11 plan), and a Chancellor's Advisory Team, made up of parents, a district superintendent, and representatives of the UFT, the CSA, a community school board and a community-based organization. This team advises Central on administrative issues related to SLTs and "oversees efforts to design strategies to support effective SLTs."[66]

The SLT plan has a three-year phase-in period and the following time frame:

Winter 1999	All schools must establish school planning committees to develop a plan to establish an SLT.
Fall 1999	Every school must have an SLT that develops a training strategy for the team and a spending plan for its $10,000 training allocation.
Spring 2000	Every SLT must adopt bylaws and develop CEPs.
Spring 2001	Every SLT must develop CEPs and budgets.

As noted in last year's evaluation report, many schools in the four original Phase I districts (Districts 2, 13, 19, and 22) had functioning planning teams of one kind or another that were involved in planning and budgeting during and often prior to the first year of PDB implementation. To see whether school teams had become more broad-based – more inclusive of staff and parents in relatively equal numbers -- over the two years of PDB implementation, we surveyed their members and examined their membership lists to determine team size and composition during that period.

School planning teams in the second year of PDB implementation grew in size and included more parents. Average team size in the 23-school cohort we studied increased by 26%, while the average number of parents on the teams increased by 56%.[67]

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[66] Ibid, p.18

[67] Our analysis looks at the membership of the planning teams in 23 schools in four districts: 6 schools in District 2, 7 schools in District 13, 4 schools in District 19 and 6 schools in District 22. (These schools participated in our survey.) This average was obtained by dividing the total number of team members in each category by the number of schools in the analysis.

Table 4.16: Size and Composition of PDB school planning teams, 1997-98 and 1998-99

	1997-98 PDB teams (N=23)	1998-99 PDB teams (N=23)
Average number of parents	**3.2**	**5.0**
Average number of teachers	4.5	5.4
Principals	1	1
Average number of others	2.1	2.0
Average total team size	10.7*	13.5*

* The numbers in the last row differ from the sum because of rounding.

The average size of planning teams in these four districts increased from 10.7 members on PDB teams in the first year to 13.5 members in the second. Team composition also changed during this period, with the average number of parents on a planning team increasing 56%, from 3.2 in 1997-98 to 5.0 the following year, and the average number of teachers increasing, by 21%, from 4.5 in the first year to 5.4 in the second.

Parents made up 30% of the membership of planning teams in the PDB schools in 1997-98 and 37% in 1998-99. The SLT policy requires that the 1999-2000 teams have a "balance" in team membership between parents and school staff. However, team members who are not staff of that school (e.g., students and community members) are not included in the calculation of "balance."[68]

To see whether the school planning teams had become more influential in the decision-making process in their schools, we surveyed PDB planning team members about whether the SLT made budgeting decisions and about the impact of their team's decisions in their schools and about.

Table 4.17: Impact of the team's decisions on the school.

Percent responding yes (N=95)	
The SLT made budgeting decisions?	92%
The SLT's deliberations always had a direct impact on actual decisions in my school?	63%

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[68] For example, if the 2.0 "other" members on the 1998-99 teams were members of the school staff (e.g., paraprofessionals or secretaries), the conclusion would be that the 5.0 parents comprise 37% of the team, compared to the 8.4 school staff. If the 2.0 "other" team members were non-staff, the conclusion would be that the 5.0 parents comprise 44% of the team, compared to the 6.4 school staff.

If, as these responses seem to indicate, members feel their planning teams are making important decisions for their schools, how important is each constituency's participation perceived to be? The survey asked,

Table 4.18: Who in your school participated in developing the budget?

Percent indicating participation in budgeting (N=95)	
Principal	88%
Teachers	78%
PA/PTA	74%
UFT chapter chair	71%
School planning team	70%
Other supervisors	65%
Other staff	37%
School secretary	18%
Title I PAC	14%
Custodian	8%
Students	2%

Note: There was no "don't know" option for this question.

Teachers, supervisors, and parent and teacher representatives, as well as the school planning team, are all perceived to participate to a high degree in school decision-making.

To further probe the differential extent of differing constituencies' participation and influence, the survey asked,

Table 4.19: How influential are each of the following people within your school in deciding how money is budgeted?

Percent responding "very influential" (N=95)	
Principal and other supervisors	92%
School planning team	59%
PA/PTA	47%
UFT chapter chair	46%
Teachers	40%
Title I PAC	40%*
Other staff	18%*
School secretary	14%*
Custodian	14%*
Students	9%*

Blank and "don't know" responses have been eliminated from all tabulations. An asterisk indicates a survey question where more than 20% of the responses were blank or "don't know."

Different constituencies appear to have varying levels of influence within the school in shaping the school's budget, with almost 60% of the respondents reporting that the planning team itself was very influential in shaping the budget. This compares to 92% reporting that the principal was very influential, and fewer than half reporting that parents and teachers were very influential. Clearly, team members feel that the SLT itself is very influential in school decision-making, more so than any single school constituency with the exception of the principal.

Another measure of the breadth of participation is the extent to which individual school constituencies share team chair responsibilities. The survey asked,

Table 4.20: Who chaired the planning team this year?

Percent indicating participation (N=95)	
Teacher	53%
Principal	41%
Parent	32%
Other supervisor	21%
Other school-based staff	13%
School secretary	6%
Community member	3%
Student	0%

Fifty-three percent of the team members responding to the survey indicated that teachers chaired or co-chaired their school's planning team in 1998-99, while thirty-two percent indicated that parents chaired or co-chaired the team.

While the data do suggest incremental change toward a more broad-based and participatory system, they do not necessarily lead to the conclusion that, in every PDB school, teams are representative of their schooling constituencies, share power effectively, or actually make the key instructional and budgeting decisions that might lead to significant increases in student achievement. As with previous school-based planning efforts, parents may still be marginal on too many teams; the information and data flow critical to effective planning may still be controlled too often by the principal; and the permitted ranges of planning team discussion may still keep some teams focused on relatively trivial issues.

Conclusion

The school planning team framework that PDB helped create has generated a more level terrain on which planning and budgeting for school improvement can be shared across key schooling constituencies. Thus far, two years into the implementation of PDB, our evidence indicates that school planning teams are becoming more broad-based and participative and are influential in school decision-making. The teams' experience across the next several years, as well as Central's efforts to create a genuinely reciprocal accountability system, will demonstrate whether what PDB created was new opportunity or another symbolic intervention.

AREA 6: ESTABLISHMENT OF AN EFFECTIVE ACCOUNTABILITY AND REPORTING SYSTEM

A performance-driven system depends on, as former Chancellor Crew articulated it, the use of data to drive continuous improvement and hold the entire system accountable for student performance.[69] Therefore accountability for student academic outcomes is one of the key dimensions of PDB, and given that PDB's budgeting structure depends on a reciprocal school-to-district-to-Central framework, an effective systemic accountability structure depends on the same framework of reciprocity among school, district and Central levels.

A reciprocal accountability system

A reciprocal accountability system has been conceptualized as an interactive and interlocking set of relationships among the three levels of Central, districts and schools, in which:

- Central defines the standards and provides both the supports to help districts and schools achieve them, and the assessments that measure how well those standards are achieved;
- Districts provide the resources and supports to help schools achieve the standards, assess the extent to which the standards are achieved, and intervene to help those schools in which achievement is less than satisfactory;
- Schools provide instruction that responds to students' needs and attempts to meet the standards; analyze assessment results to understand how curriculum and teaching need to be reshaped for greater effectiveness; and also assess and articulate the extent to which the district, Central and the state are meeting their responsibilities for aid and support.[70]

Last year's evaluation report discussed the instructional accountability system currently in place in New York City schools, and delineated Central's various accountability tools and processes -- testing instruments; instructional planning tools at the district (DCEP) and school (CEP) levels; an instructional assessment and review process (PASS); and varieties of district and school level data formats (e.g., annual school reports, ATS school data profiles).

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[69] *First Annual Report of the Evaluation of Performance Driven Budgeting*, p.1

[70] Allen, Lauren and Anne Halllet. *Beyond Fingerpointing and Test Scores*, Cross City Campaign for Urban School Reform, 1999.

As we indicated, accountability is currently conceptualized as a hierarchical relationship, from Central to districts to schools, rather than a reciprocal one; each level holds the level below responsible for producing appropriate academic outcomes. Our last year's report suggested the limitations of such a unidirectional set of accountability relationships.

In this report we indicate how a more reciprocal set of relationships could be conceptualized to assess the extent of PDB effectiveness, and then suggest the extent to which PDB Phase I schools and districts were attempting to implement such relationships.

Within PDB, accountability can be conceptualized as a three-level system, involving conversations within the school; across schools and between districts and their schools; and across districts and between districts and Central.

Conversations within schools

The structure of the SLT and its responsibility for both instructional planning and budgeting require communication between the planning team and the rest of the school. The job of the team is to collect and analyze information about the effectiveness of instructional practice; to identify instructional need; to continually develop strategies to meet these needs; to match those strategies to the school's budget; and continually assess the effectiveness of its improvement strategies and the use of school dollars. But the team cannot do this in isolation; ideally the team and the school should be engaged in a continuous conversation about how to improve instructional practice and learning outcomes, and what each specific new intervention has contributed to instructional effectiveness.

Therefore we formulated a set of questions to determine how, and to what extent, teams engage the school in continuous conversations about their work. Do SLTs, for example, disseminate information to the school community and involve them in the planning process? Are the results of the SLT's school improvement efforts shared with the school community? What are the intra-school forums for conversations about the effectiveness of SLT instructional interventions? If the SLT is not engaged in this internal conversation, what do districts do to encourage that conversation to take place?

Conversations across schools and between districts and their schools

School teams need varieties of help and support to carry out their tasks. Once teams analyze their school's instructional needs, for example, how do they determine the programs or strategies that will meet those needs most effectively and appropriately? School teams need access to varieties of information that are often beyond the range of school-based knowledge and experience. Schools might well need to know, for example, the effectiveness of programs or strategies being utilized by other schools; the cost effectiveness of different strategies and programs; and how to make their teams more effective planners and budgeters.

Teams also need to access this information through multiple avenues, including via electronic media, intervisitations, and formal and informal networks. Finally, school teams and their supporting constituencies need opportunities to talk with other schools, to share useful information, to probe the commonalties and differences involved in mutual efforts to improve student academic achievement, and to learn from each other.

In a hierarchical accountability system, the district must monitor and assess the instructional improvement process in their schools, intervening when necessary to attempt to enforce improvement. In a reciprocal accountability system, the district is primarily a provider of services and supports to help schools improve their assessment outcomes and instructional effectiveness. In a reciprocal system, districts and schools would be engaged in continuous conversations about academic outcomes and how schools might improve them, and districts would be researching, identifying and providing a range of supports designed to help schools become more instructionally effective.

To examine the extent of activity across schools, we probed the extent of cross-school conversations, as well as what roles districts and Central play in providing the information school teams need, in facilitating access to that information, and in fostering cross-school conversations.

We also examined the extent to which districts develop continuous conversations with their schools, buttressed by the provision of a variety of supports for schools. For example, we probed how the PDB Phase I districts respond to more and less effective schools. Do districts differentiate their responses for different groups of schools? How do districts report to the public and to Central about both school academic outcomes and school efforts to improve those outcomes?

Conversations across districts and between districts and Central

In a hierarchical accountability system, Central must assess the effectiveness of student outcomes at school and district levels, and the processes districts put in place to improve those outcomes. Ultimately, Central must intervene when those outcomes don't improve. In a reciprocal accountability system, Central retains its ultimate accountability monitoring role, but also becomes responsible for the identification and provision of a wide variety of instructional supports to districts and schools.

Observations of reciprocal accountability

Although assessing the extent to which reciprocal accountability is developing in the Phase I PDB districts was not a primary focus of this year's evaluation, we did observe elements of reciprocal accountability in all PDB districts. What follows are the results of a specific accountability question in our survey of PDB team members, as well as limited observations of accountability practices in PDB districts and schools.

Conversations within PDB schools

We asked planning team members to respond to the following question on our survey:

Table 4.21: How much information is shared by the school with the school's parent body in the following areas?

Percent responding "a lot" (N=95)	
Student performance	72%
Student performance goals	69%
School's curriculum	65%
School's instructional improvement plan	58%
School's budget	47%

* Blank and "don't know" responses have been eliminated from all tabulations. An asterisk would indicate a survey question where more than 20% of the responses were blank or don't know.

Team members report that their school shares "a lot" of information about student performance and curriculum with parents. Fewer report information-sharing about the school's instructional improvement plans and budgets. These results are encouraging, given that school planning and budgeting have not become widespread practices in New York City schools. However, these results do not tell us much about the extent of continuous conversations between team and school community, let alone the form and quality of that conversation.

We did observe two schools in Districts 13 and 22 that demonstrated different, but equally promising kinds of conversations about instructional improvement. Both schools are intensely focused on "what is best for our children." Both schools communicate with their school community through newsletters, PTA and staff meetings, and the posting of information about school and team activities. Detailed student performance data is shared widely within each school.

- The District 13 school uses semi-annual retreats, attended by dozens of parents, staff and students, to identify needs and develop improvement strategies. The retreats build on the Comer school community model that incorporates the views of all members in a student-focused process, culminating in a set of strategies that become the basis of the CEP. The work done at the retreats is shared broadly within the school community. Monthly team meetings serve to resolve immediate issues and provide opportunities for members of the school community to raise specific concerns. Through the retreats, PTA meetings, staff meetings and personal contact, the principal ensures that all constituencies have the opportunity to participate in determining the school's instructional needs and priorities. Feedback is continual. This school's approach concentrates on instructional improvement but does not extensively involve school planners in budgeting and spending activities.

- The District 22 school uses its team meetings to coordinate the school's data gathering and analysis, needs identification, and instructional planning activities, and to make all budgeting and spending decisions for the school. The team exemplifies District 22's collaborative decision-making process, with staff and parents involved in school planning in two ways. They participate as team members in team decision-making, and they contribute, as constituents, to school-wide surveys that look at what works in the school, and what constituents would like to see happen. The team members analyze these surveys, examine student outcome data and access other information to help them understand student needs. They then examine and devise strategies to meet those needs. The team holds two all-day budgeting retreats in the spring to translate the CEP into a detailed budget. Because the district-wide level of knowledge among the constituencies about school planning and finance is relatively high, parents and staff have an enhanced ability to engage in the conversation about instructional improvement and budgeting.

Conversations across PDB schools and between districts and their schools

All community school districts have formal and informal opportunities for principals, other supervisors, staff, parents and the general public to share information about school improvement efforts. We looked for a more structured approach that reduces the isolation of schools and districts and encourages experimentation and "thinking outside the box."

- In District 22, two of the essential elements of the district's collaborative school decision-making process are: expanding the knowledge level about planning and budgeting issues; and sharing information among schools and across constituencies. For at least five years, the district has been making available to all parents, staff and principals – whether or not they are on a team -- comprehensive districtwide training about instructional planning and collaborative decision-making processes and about school budgeting and spending. These training sessions provide members of the school community with opportunities to learn from each other. The district ensures that all schools and constituencies receive identical information about school planning and budgeting issues as well as information and data about school performance. The superintendent holds monthly meetings with parents, teachers, principals and other groups in which this information is discussed.

District 22 also created numerous formal sharing opportunities, such as the school "buddy" system, in which Phase I PDB school teams were paired with schools new to PDB. School teams regularly make presentations at principal and assistant principal conferences, and at parent and staff gatherings, as well as at districtwide and citywide conferences. Superintendent Comer said, "PDB has had a dramatic impact on communication between schools . . .. Everyone is calling everyone else. The [horizontal] lines of communication have opened up."

Conversations across districts and between districts and Central

- The Core Group that developed the Galaxy 2000 system is a striking and important example of cross-district and district/Central collaboration. Directors of Operations from the PDB districts (and two non-PDB districts), selected for their financial knowledge and sophistication, worked with each other and with representatives of Central divisions to design a radical new budgeting structure based on the school as the core unit.
- Central's development and dissemination of the SBBR and SBER fiscal accountability tools transformed the conversation about the equity of allocations across districts and between districts and Central.
- Central encouraged cross-district -- and cross-school -- sharing by holding citywide and boroughwide SLT presentations at which schools and districts shared and discussed their insights and approaches.

These observed elements of a reciprocal accountability system could become the preliminary building blocks of a framework of reciprocity among the school, district and Central levels of the school system.

AREA 7: DEVELOPMENT OF A SYSTEMIC CULTURE THAT SUPPORTS SCHOOL DECISION-MAKING AND CONTINUOUS SCHOOL IMPROVEMENT

To what extent has a culture that supports school decision-making and school improvement developed at the Central, district and school levels?

Two years ago, when we first began to observe PDB implementation, we asked people at all levels of the system what they thought needed to change for PDB implementation to be successful. Their responses revealed a pervasive climate of mistrust and cynicism. Practitioners at school, district and Central levels told us they didn't believe that the entrenched top-down school system would ever become a bottom-up system, with real authority exercised by people in the schools. They spoke of a culture of resistance to change. Even at Central, people were skeptical that Central and district staff were prepared to assume a service-oriented, supportive role, while trusting schools to make critical decisions about instructional improvement.

In our school-level interviews and observations, participants said that neither Central nor the districts fully understood the challenges of running a school. They expressed skepticism that Central -- and sometimes the districts -- would maintain their focus on PDB's school-centered goals in the context of proliferating directives and mandates from the Federal government, the state and Central. They doubted that Central would relinquish real authority and give schools genuine control over their money. They worried that they would not be given the programmatic and fiscal flexibility they needed to plan, budget and spend most effectively, and would not receive the support and training they needed to help them perform effectively in their new roles.

School-level practitioners also defined layers of suspicion among the three main school constituencies – parents, teachers and principals – expected to collaborate in school planning. Parents feared they would have only a token role, once again, in school decision-making. Teachers and principals were afraid parents wouldn't understand whole-school issues, or, sometimes, any school issues in sufficient depth. Principals worried about their own accountability for student performance in a scheme in which teams developed instructional plans and budgets and schools were given insufficient control over staff and money.

District officials shared the same concerns about Central. Some also said that state programmatic and funding inflexibility was a major impediment not likely to change. In addition, some district officials felt that some of their schools were not interested in assuming the new responsibilities required by PDB.

Administrators in PDB district – all of which had volunteered to pilot PDB – said they were very concerned that the PDB initiative might be doomed if the school system continued its history of rapid leadership turnover at Central. Several top Central managers also expressed this concern. "If leadership stability doesn't continue," one said, "then I don't know if PDB will continue."

Findings

During the second year of our study, we saw indications that some of the beliefs described above were changing. Though district officials told us that district and school personnel still believe that "Central will never let go," they reported perceptions that many top Central managers were committed to change.

One superintendent agreed that top Central managers "have been trying very hard to change the terms of how their offices . . . relate to us as a district." This superintendent warned, however, that Central's commitment might not extend deeply into the Central structure. "Underneath those top levels of command, the system seems to be closing ranks, stiffening against new ways of doing business."

Nevertheless, several district officials reported that they saw evidence that some top Central managers were committed to the PDB initiative, and were responsive to district concerns. Two superintendents praised the greatly improved communication between top Central managers and the districts. A third spoke about Central's positive response to concerns voiced by PDB districts. The PDB directors of operations said that top managers were clearly committed to the development of Galaxy and its implementation throughout the system. The PDB principals we interviewed also said they saw signs that Central was committed to PDB.

Two superintendents noted that PDB contributed positively to "a different conversation" in their schools, one more focused on student needs and instructional planning. Team members participating in that conversation are learning to work collaboratively, some reported. In the teacher focus group we conducted, a teacher said, "Our school is multicultural. The SLT is highly effective. Parents are very involved in the school and contribute a lot." Another teacher said that his "school is very collaborative, and the principal is willing to hear all sides before the decision is made. Parents [on the SLT] are really there for the good of the children. People leave their personal agendas at the door."

Our survey also probed the extent to which PDB has begun to change these deeply corrosive layers of cynicism about systemic interventions.

The survey asked,

Table 4.22: After two years in the PDB initiative, do you think your school is:

Percent indicating that the school is (N=95)	
A better place for student learning	71%
About the same for student learning	19%
A worse place for student learning	3%

In this second year of the study, however, we also saw a rise in the level of concern about the increasingly unstable political climate surrounding public schools. One continuing source of concern was the possibility of another change in leadership at the top of the system. One district official said, "when there's new leadership at Central, there will be new initiatives." Another said that, "there was a lot of damage done by the dispute between the Chancellor and the Mayor."[71]

School and district personnel said they felt tremendous pressure to quickly implement the new curriculum standards and prepare their students for high-stakes state and city assessments. Staff members said they felt Central and the state were using a top-down implementation strategy that left schools with fewer options.

At the same time, staff at all levels of the system said they felt that supervisors were being treated unprofessionally and unfairly by the City, given its failure to conclude negotiations for a supervisors contract. One result of this perception was an exodus of experienced teachers and supervisors for retirement or for less stressful, higher paying positions outside New York City. "The system is in crisis about attracting and retaining good leaders right now," said one superintendent.

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[71] These comments were made at the end of the 1998-99 school year, prior to Chancellor Crew's departure.

SUMMARY OF FINDINGS FROM THE PILOT DISTRICTS AND SCHOOLS

Our analysis of district and school implementation of PDB during the first two years led to the following conclusions about the extent of progress toward the goals of performance-driven budgeting:

1. Movement of authority in budgeting, personnel and instructional planning to the school level.

    a) We found that schools in the six Phase I PDB districts experienced a substantial increase in their authority to budget

    Our limited examination of non-PDB schools also suggests that non-PDB schools have been engaging in preliminary activities that help them learn how to budget. However, they have far less control over their total school funds, compared to the schools participating in Phase I of the PDB initiative.

    b) We found that schools did not gain greater authority over personnel during the two-year period of PDB implementation:

        - Central did not move authority for personnel matters to the school level, with the important exception of the transfer of authority for CSE and SBST activities to the districts and schools.
        - While those we interviewed gave Central credit for improved hiring practices, a combination of the maintenance of Central control over hiring decisions, plus the extrinsic limitations on the pool of principals and teachers available to be hired, resulted in very limited hiring capacity at the school level.

    c) We found that all schools – PDB as well as non-PDB – gained greater authority for instructional planning through the CEP process.

2. Restructuring of resource allocation policies and practices to support school level instructional planning and budgeting.

    We found that Central has undertaken a major restructuring of resource allocation policies and practices that is removing some of the most significant barriers to effective school planning and budgeting. We found that:

    a) Central increased district fiscal responsibility and budgeting flexibility by:

        - Transferring fiscal responsibility to districts Central judged capable of handling that responsibility;

- Significantly increasing district budgeting flexibility in the use of tax levy funds, and, to a more limited extent, in the use of reimbursable and special education funds; and
- Improving school and district spending practices.

b) Central's School Leadership Team policy is designed to help schools gain fiscal autonomy that is linked to instructional planning.

c) Central and the Core Group are developing and implementing a new budgeting system that is giving schools almost total control over their budgets. Budgets developed at the school level – which drive district and Central budgets -- are the core building blocks of the new reciprocal budgeting system.

3. Provision of information that schools need to plan and budget.

Schools participating in the PDB initiative are receiving more of the data they need to plan and budget effectively:

a) Central and the districts have improved the usefulness of the demographic and outcome data they provide to schools. Late reporting of student performance data remains a major problem.

b) Central's PASS instrument seems to be a successful Central-developed tool to help schools analyze their practice and determine what instructional practices need to change.

c) The Galaxy system is designed to provide information about the availability of school-level resources and the rules governing their budgeting and spending. However, because Central's financial systems are in transition, school planners must currently rely primarily on district- and school-supplied data to guide their budgeting and spending decisions.

4. Development of the capacity at all levels to support school teams' work of planning and budgeting.

Our overall finding is that Central and the PDB districts have taken preliminary steps to improve the capacity of schools and districts to implement effective school planning and budgeting:

a) Central is enhancing system capacity to support school-level planning and budgeting by integrating discrete school planning elements; integrating critical data functions; integrating bottom-up and top-down fiscal systems; and making critical Central divisions more service-oriented.

b) Central is providing allocations to support district staff, as well as training in effective business practices, management techniques and the Galaxy

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budgeting system. PDB districts are rethinking district staff functions to create support for school planning.

c) Central is providing an average of $10,000 to each school team to build team capacity and $300 to each team member for their work on the team; facilitating team purchase of training services from outside providers; providing explanatory materials, informational workshops, call-in and on-site support, and Galaxy training and support; and creating plans for citywide parent outreach and training.

d) PDB Phase I Districts provided training and support for their school teams, which varied in emphasis and extent in each district.

5. Creation of more broad-based, participatory and influential decision-making structures at the school level.

   The school planning team framework that PDB helped create has generated a more level terrain on which planning and budgeting for school improvement can be shared across key schooling constituencies. Thus far, two years into the implementation of PDB, our evidence indicates that school planning teams are becoming more broad-based, participative and influential in school decision-making. The teams' experience across the next several years, as well as Central's efforts to create a genuinely reciprocal accountability system, will demonstrate whether what PDB created was new opportunity or another symbolic intervention.

6. Establishment of an effective accountability and reporting system.

   One model of an effective accountability and reporting system is a reciprocal accountability system in which:

   - Central defines the standards and provides both the supports to help districts and schools achieve them, and the assessments that measure how well those standards are achieved.
   - Districts provide the resources and supports to help schools achieve the standards, assess the extent to which the standards are achieved, and intervene to help those schools in which achievement is less than satisfactory.
   - Schools provide instruction that responds to students' needs and attempts to meet the standards; analyze assessment results to understand how curriculum and teaching need to be reshaped for greater effectiveness; and also assess and articulate the extent to which the district, Central and the state are meeting their responsibilities for aid and support.

Although assessing the extent to which reciprocal accountability is developing in the Phase I PDB districts was not a primary focus of our study, we did observe elements of reciprocal accountability in all PDB districts and between Central and the districts. These elements could become the preliminary building blocks of a framework of reciprocity among the school, district and Central levels of the school system.

7. Development of a systemic culture that supports school decision-making and continuous school improvement.

During the first year of our study, we asked people at all levels of the school system what they thought needed to change for PDB implementation to be successful. Their responses revealed a pervasive climate of mistrust and cynicism; they didn't believe that the entrenched top-down school system would ever become a bottom-up system, with real authority exercised by people in the schools.

During the second year of the study, district officials said that district and school personnel still believed that "Central will never let go." Yet they also reported that many top Central managers were committed to change and to the PDB initiative. They said there was a "different conversation" in the schools, one more focused on student needs and instructional planning.

However, there was also a rise in the level of concern about the increasingly unstable political climate surrounding public schools; about the tremendous pressure to prepare students for high-stakes tests; and about the damage done to the system by the City's failure to stem the exodus of experienced teachers and principals from the system.

CHAPTER 5

CONCLUSION

At the end of the second year of PDB implementation, our findings indicate that both Central and the PDB districts and schools have begun to create the school-driven, instructionally-focused budgeting system that the PDB planners envisioned.

As summarized in Chapter 2, the Core Group and Central are developing and implementing the Galaxy budgeting system. Central is transforming its fiscal systems, integrating them with Galaxy, and providing district allocations with greater flexibility and, at least thus far, in time for effective budgeting. Central has begun to implement its School Leadership Team plan, which assigns the responsibility for instructional planning and budgeting to school teams. Central, the districts and schools are attempting to enhance their capacity for school-level planning and budgeting. Central is also improving its instructional planning toolkit, technology and data systems, and student data reporting in support of PDB implementation. Chapters 3 and 4 provide the evidence that these changes have begun to have some effect in the PDB districts and schools.

In just two years, the outline of a different system of budgeting and instructional improvement is emerging. No other large urban district engaged in school-based budgeting has developed a budgeting system that derives its district and system budgets from performance-driven school-developed budgets.

CONCERNS

In last year's *First Annual Report of the Evaluation of Performance Driven Budgeting,* we suggested that two distinct forces could reverse the many important changes Central has initiated. The first is the possibility of a new chancellor committed to differing notions of reform. The second is obdurate resistance to change by Central's middle management.

We also suggested, however, that determined implementation of the Galaxy 2000 budgeting system, initially in the Phase I districts and schools and subsequently in all the system's schools, *might* provide the impetus to *permanently* change a top-down command-and-control budgeting system.

Galaxy 2000 is in place in almost 200 Phase I schools. If Phase II implementation, due July 2001 in several hundred more schools, can proceed as scheduled, and if Galaxy and Central's fiscal systems can be integrated, school-level budgeting will become much harder to extirpate.

During Phase III implementation, if the system's remaining schools adopt and implement Galaxy, and if Central's top managers continue to work out the remaining barriers, the physical reality of Galaxy could force restructuring of remaining centralized command-and-control structures.

But we have additional concerns.

District Capacity

Our most critical concerns center on district and school capacity.

High-planning districts have developed the capacity to continually assess their schools' performance and academic outcomes, discuss with school personnel the limitations of those outcomes and the extent of improvement necessary, and monitor their schools' efforts to implement the strategies developed to generate improvement. Such districts can quickly assimilate PDB into their particular planning traditions. Our findings suggest that even the poorly performing schools in districts with developed experience in school-based planning have *some* capacity to assess their outcomes, target improvement strategies and begin the struggle to implement them.

We worry that many districts lack the capacity both to assess their schools' performance and capacity and to assist their low performing schools. Most districts -- PDB as well as non-PDB -- have developed neither the outcome monitoring systems nor the incentive/sanctions systems that can hold their schools accountable for implementing a continuous instructional planning process.

How will the districts that house the bulk of the city's poorly performing schools – schools with limited capacity and/or cultures resistant to change – be encouraged and supported to change their practices so that they can help their schools improve?

These concerns are not abstractions. Central must quickly prepare Phase II and then Phase III districts, the bulk of the city's school population, for the implementation of Galaxy. If Galaxy implementation proceeds as essentially a budgeting process, what may result, especially in poorly performing schools in the Phase II and III districts, is mechanical application of a new budgeting process without the continuous cycle of instructional planning at the heart of the PDB vision.

School Capacity

What do schools need in order to do effective planning and budgeting?

From the perspective of operationalizing school-based planning and budgeting, the SLT plan provides a clear mandate for both functions lodged in a school-level team with broad constituency representation and guidelines for formation, focus and responsibility. Implementation of the SLT plan is deliberate, paced and comprehensive, and training and support for both school teams and district capacity-building has been made available through a vendor-driven RFP process.

The SLT process assumes that varieties of assistance, available through Central-approved vendors and paid for through small grants that each school can allocate, will provide the training and other supports that schools need to plan and budget effectively. But, aside from the question of whether the modest size of the school grants can adequately meet the scale of school need for assistance across the system, there is also the issue of what will galvanize schools, especially low-performing schools, to embark on a genuine planning process to improve their academic outcomes.

The SLT plan requires buy-in and commitment to be effective. The commitment to team-driven school-based planning requires hard work, ingenuity, good will, trust and honesty about the current limitations of their schools' instructional efforts. Many school personnel will be tempted to finesse their SLT's planning process rather than to engage it head-on.

What is problematic is how Central can motivate 1,200 schools and 40 districts to effectively implement Central's SLT plan.

What can Central do to reduce gaming, paper compliance and mechanical implementation? Monitoring, the traditional Central response to implementation mandates, is clearly not a solution; the city's schools and districts have developed high levels of sophistication in simulating responses and gaming the shell of compliance without the substance. Schools with long histories of poor performance are often controlled by defensive adult cultures resistant to examination of outcomes or discussion of new instructional arrangements to improve those outcomes.

Some combination of incentives, based on a mix of team performance and school improvement, and sanctions, based on failure to function as a team and failure to improve performance, might prove effective, if standards for how to assess effective team performance could be developed. The districts, in our view, have a much more important role to play in developing this mix of incentives and sanctions designed to help SLTs become effective.

Another role that districts can play involves the provision of training. Current training opportunities, both those provided by Central and the Core Group to the districts, and those provided by Central-approved vendors, are not sufficient to help schools with limited capacity or change-resistant cultures effectively implement the instructional change cycle at the core of Galaxy.

We suggest that districts should develop such training and support processes. We further suggest that the construction of a district-driven development effort, analogous to the field-driven Core Group process that produced Galaxy, might create the processes through which Central and the districts could work together to increase district capacity for effectively monitoring and improving their school's academic performance.

We think this is more properly an effort that districts, rather than Central, should take on. Therefore, for us the question becomes how Central can most effectively motivate and encourage the districts to take on the assessment of school-level team-based planning efforts, and the consequent mix of incentives and sanctions that can, over time, encourage effective school-based practice and improve ineffective practice.

Mobility

This year's analysis of SLT team membership and principal turnover rates in the PDB districts dramatized another reality that the Institute's work on SURR schools has previously demonstrated.

Effective planning demands continuity of experience. The notion at the core of PDB is a continuous planning cycle, a spiral of experience that learns from, builds on and improves by correction, based on analysis of what was previously attempted. If school staffs have no permanence, if last year's teachers are continuously replaced by a new crop of anxious novices, how can any meaningful planning process get launched, let alone build across years? And if, in addition to teachers, principals are continually shuttling into and out of poorly performing schools, how can the leadership necessary to drive a continuous planning cycle take root?

Yet teacher and principal turnover is very high in New York City, and particularly high in low-performing schools. In the two highest-needs PDB districts, one-third of the principals were replaced between June and September 1999. Given the endemic problems of limited capacity to plan instructional improvement, the added problems of extremely high turnover make effective planning almost impossible in too many schools.

The measures Central has currently set in motion to reduce the corrosive effects of high teacher and principal turnover seem to us too feeble to stabilize the erosion of personnel in poorly performing schools. Constrained by inadequate resources, escalating competition from wealthier suburban districts, and the continuing societal downgrading of the teaching profession, Central's options seem quite limited. Yet failure to significantly reduce teacher and principal mobility might well nullify the potential of SLT contributions to school improvement in poorly performing schools.

Galaxy Implementation Issues

The Core Group has been developing Galaxy and working out many implementation details. Any diminution of Central support, or any indication that the Core Group's work is less valued by Central, could lead to either the break-up of the group as individual directors of operations decide to concentrate their scarce time on their own district's problems, or to a form of compliance behavior – passive participation -- that would effectively negate the Core Group's major contributions.

Similarly, the Galaxy Steering Committee has been responsible for integrating Galaxy with Central's fiscal, personnel and management systems. If school budgets are actually to drive Central fiscal systems, the Steering Committee's complex task of transforming Central systems into school and district supports, and integrating them with Galaxy is critical to PDB's success. Clearly, the Steering Committee must continue to receive the support necessary to unravel all the knotty issues that Galaxy implementation raises.

Another key implementation issue is the timeliness of allocations to districts and schools. Central's success in getting initial allocations to the districts by early June for two successive years is a major accomplishment. Central's commitment, forecasting acuity and political courage have provided a quantum leap in budgeting and a powerful demonstration of Central's commitment to the success of school-based budgeting.

But what happens if events in Albany make such a critical accomplishment impossible to repeat? After two years, having to return to receiving initial allocations in August would depress morale -- and belief in PDB -- throughout the system.

Instruction

In last year's report, we analyzed the limitations of the planning process Central had designed, and argued that the problem of limited capacity for improvement, at school and district levels, could not easily be overcome by a mandate to plan for improvement, buttressed by planning tools. As we indicate above, we think that the PDB second year effort has not begun to resolve that problem; it has proved most difficult to solve in *all* urban districts.

But we also indicated, in last year's report, that we feared that the CEP, DCEP and PASS were less powerful tools for planning improvement. The CEP is quite diffuse and far too extensive; school personnel indicated that it was difficult to use the CEP to focus on specific levers of instructional improvement. They said that PASS was not tightly integrated with the CEP. Our own observations suggested that the scoring component of PASS created a tension between the use of that instrument as a compliance monitoring exercise, as opposed to an internal improvement process.

These problems, though thorny, are potentially resolvable. A computer version of the CEP is being developed that might streamline the CEP and encourage a clear focus on the elements of instruction and school organization that must be revised to yield academic improvement. The tension between the use of PASS for monitoring and its employment as a diagnostic tool for improvement could be resolved.

But consider a deeper problem. The Core Group's goal in developing Galaxy was not only to make budgeting transparent and relatively simple for schools to use, but also to make school-level budgeting drive a transformation that moves districts and Central toward becoming supportive agents for the school's improvement efforts. Our second year evaluation found evidence that this reversal of traditional top-down modes of fiscal allocation and service provision was beginning to occur.

Can the CEP, DCEP and PASS become more than school-support instruments? Can some level of reciprocal intervention be built into their usage? For example, a computerized CEP, as a new school-level planning tool, can, at least in theory, aggregate up to the district's DCEP. The DCEP would then reflect how the district would support and insure each school's implementation of its CEP. But the current DCEP is may be completed by district superintendents *before* principals complete their school-level CEPs; thus, those CEPs might not inform the district's comprehensive educational plan.

Moreover, the DCEP still serves as the document that must meet the New York State Education Department's need for a comprehensive compliance document. But, even supposing that the state's needs for compliance reporting could be met by a streamlined DCEP, could that same DCEP also incorporate, through technological means, each school's CEP? And, if so, how best could Central instructional planners use the DCEPs to redefine Central support for district and school instructional plans? These questions are currently open.

Revisiting what we defined, in Chapter 4, as a reciprocal accountability system may help to clarify our question. Central's accountability processes have always been uni-directional. The Chancellor's Office holds districts accountable for schooling outcomes; districts in turn hold schools accountable, etc. Our notion of a reciprocal accountability system assumes that districts and Central also have responsibilities to schools as well as to each other, and that mechanisms exist so that all three levels can hold each other accountable.

Yet, as of Fall '99, few such mechanisms existed on the instructional side. Traditionally, a school has few mechanisms to hold its districts and Central accountable for providing the specific supports that its improvement process requires. A district has few mechanisms to hold Central accountable for whatever supports seem essential to district efforts to aid school improvement. Central can mandate; the most schools and districts can do is request.

Central's efforts at reciprocity include an instructional focus for school budget requests and mutual development of agendas for the monthly meetings of the Chancellor and superintendents.

Central's accountability system is only one component of a uni-directional instructional operation; the question Galaxy poses is whether Instruction, as well as Operations, can develop additional reciprocal flows of information and support. Can the CEP, DCEP and PASS be sufficiently developed to reverse the flow of how curriculum and instruction, professional development and assessment are currently conceptualized, configured and administered?

Constructing such linkages is a daunting task; we know of no urban districts that have successfully developed a reciprocal accountability system.

High Schools

Last year's report indicated that, after some initial participation, Central's High School Division essentially stopped implementing PDB in the pilot districts (the Brooklyn and Queens high schools and the International High School network) and articulated, instead, a division-wide effort to lodge more budgetary decision-making in every high school. What followed this implicit policy change was a dismissal of the Division's leadership and some initial evidence of a proposed sea-change in the governance of high schools. Some proposals suggested devolving far more power, including the control of comprehensive budgets, to the borough high school superintendencies. Other proposals suggested returning most high schools to community school district oversight, as the original 1969 Decentralization Law had envisioned.

In this welter of possibilities, one reality became quite clear: the Division of High Schools was not implementing PDB. Once we realized that PDB implementation had ceased throughout the high schools, we withdrew our focus on high schools and concentrated, instead, on PDB implementation in the pilot schools and districts and at those Central levels and operations where restructuring to support PDB continued to be a clear commitment.

But PDB implementation will remain incomplete if the high schools continue to be exempted. Current allocation and budgetary practices cede more budgetary authority to individual high schools than to pre-PDB elementary and middle schools, because high school principals receive unit allocations to distribute, rather than positions to assign. But current high school practice – how those unit allocations are used – is in no way analogous to the continuous planning for instructional improvement cycle that PDB envisions.

Whether high schools remain centralized, or the borough superintendents are ceded more authority and budgetary power, or the high schools are assigned to the community school districts, the question of how they become part of the systemic PDB effort must still be addressed.

Much is at stake with the implementation of Performance Driven Budgeting.

If implementation is successful, the New York City school system will be focused as never before on improving student achievement, and will clearly demonstrate that public schools can work effectively for all children.

However, if PDB is assimilated into traditional school, district and Central modes of "doing school," improvements in student outcomes will continue to depend on arbitrary, idiosyncratic and unspecifiable processes, and hundreds of thousands of New York City students will be denied the effective schooling that should be theirs by right.

APPENDIX A:
PDB GOALS & PRINCIPLES

The PDB Planning Team that designed PDB in 1996 wrote this statement:

> *The goal of the PDB initiative is to redefine relationships and decision-making authority among the three levels of the school system so that decisions about the use of resources are directly linked to effective instructional strategies and improved student achievement.*

They felt that, if the school system adopted the following principles, "the structure of authority, responsibility and accountability within the New York City school system can and will be renegotiated to establish a healthy and effective partnership between the Central Board, Districts and Schools":

- The ultimate measure of the effectiveness of this initiative is its impact on teaching and learning.
- The principalship is the most crucial leadership position in the system.
- The most crucial work in the system is done by teachers in the classroom.
- With greater authority to manage resources comes greater responsibility and accountability for achieving results.
- Instructional strategies are most effective when resources and actions are aligned to improve teaching and learning.
- The best alignment of resources and actions takes place when decisions are made closest to where teaching and learning take place.
- This alignment can occur only when authority is delegated to schools to make decisions within a framework of goals and priorities established by the Central Board and districts.
- Teachers, support staff, administration, and parents are involved in key decisions that affect schools.
- The role of the central and district offices is to provide services to support teachers, principals, superintendents, and parents.

APPENDIX B:
PHASE I DISTRICTS AND SCHOOLS

District 2

PS 1, The Alfred E. Smith School
PS 2, The London Meyer School
PS 3, The John Melser Charrette School
PS 6, Lillie Deveraux Blake School
PS 11, The William J. Harris School
PS 33, The Chelsea School
PS 40, The Augustus St. Gaudens School
PS 41, Greenwich Village School
PS 42, The Benjamin Altman School
PS 51, The Elias Howe Elementary School
PS 59, The Beekman Hill International School
IS 70, The O'Henry School
M104, Simon Baruch Middle School
PS/IS 111, The Adolph S. Ochs Elementary School
PS 116, The Mary Lindley Murray School
PS 124, The Yung Wing School
PS/IS 126, The Jacob Riis Community School
PS 130, The Desoto School
IS 131, Dr. Sun Yet Sen School
PS 151, The Eleanor Roosevelt School
PS 158, The Bayard Taylor Elementary School
MS 167, Robert F. Wagner School
PS 183, The School of Discovery
PS 198, Isador & Ida Straus School
PS/IS 217, The Roosevelt Island School
PS 234, The Independence School
PS 290, Manhattan New School
M 871, NYC Lower Lab School
M 874, Midtown West School
M 875, Early Childhood Center
M877, NYC Upper Lab School
M878, School of the Future
IS 881, Clinton School

M882, East Side Middle School
M889, The Museum School
M 890, The Bridges School
M 891, Salk School of Science
M 894, Ballet Tech
M 896, Greenwich Village Middle School
M897, Manhattan Academy of Technology

District 9

CES 42, The Claremont Community School
CES 126, The Dr. Margorie Dunbar School
CES 148, Dr. Charles R. Drew Village School

District 13

PS 3, Bedford Village School
PS 8, The Robert Fulton School
PS 11, Purvis J. Behan School
PS 44, Marcus Garvey School
IS 113, Ronald Edmond Learning Center
PS 282, Park Slope Elementary School
PS 287, Dr. Bailey K. Ashford School

District 19

PS 7
IS 292, Margaret S. Douglas Intermediate School
PS 345, Robert Bolden School
PS 409, East New York Family Academy

District 20

PS 102, The Bayview School
IS 187, Christa McAuliffe Intermediate School
PS 200, The Benson Elementary School

District 22

PS 52, The Sheepshead Bay Elementary School
PS 119, The Amersfort School
PS 193, The Gil Hodges School
PS 206, Joseph F. Lamb Elementary School
PS 217, Colonel David M. Marcus Elementary School

PS 222, Katherine R. Snyder Elementary School
IS 234, W.A. Cunningham Intermediate School
PS 236, Millbasin School
IS 278, Marine Park Intermediate School
PS 312

APPENDIX C
1998-99 RESEARCH ACTIVITIES

Central/System Level

Interviews conducted from May through September 1999:

Majorie Blum, Executive Director
Division of Budget Operations and Review

Louis Benevento, Executive Director
Division of Financial Operations

William P. Casey, Chief Executive for Program Development and Dissemination
Division of Instruction

Beverley Donohue, Chief Financial Officer

Francine Goldstein, Executive Director
Division of Student Support Services

John T. Green, Deputy Director for Resource Management and Support Services

Patricia Haith, Superintendent for Operations
Division for School Programs and support Services

Margaret R. Harrington, Chief of School Programs and Support Services
Division of Instruction

Ann Horowitz, Senior Assistant to the Deputy Chancellor for Operations

Mitchell Klein, Galaxy Program
Office of Business Systems, Division of Management and Information Systems

Kathy Nadurak, Director
Office of Financial and Management Reporting

Adria Reinglass, Executive Assistant to the Chief Information Officer

Judith S. Solomon, Deputy Director for Instructional Programs
Division of Budget Operations and Review

Lewis H. Spence, Deputy Chancellor for Operations

Howard S. Tames, Executive Director
Division of Human Resources

Robert Tobias, Executive Director
Division of Assessment and Accountability

Jackson Tung, Chief Information Officer

Barbara Turk, Galaxy Training Consultant

Observations: included biweekly Galaxy Steering Committee meetings, two School Leadership Team citywide conferences, demonstrations of the Galaxy system and the Decision Support System, and Galaxy training for district personnel.

Document Collection: included memoranda, circulars, training materials and other materials relevant to the implementation of PDB and Galaxy.

Meetings: included regular meetings with Board of Education staff responsible for PDB implementation, to refine research strategies and to provide feedback to Central about research findings.

District Level

Confidential interviews conducted between February and August 1999:

Community School District 2

Elaine Fink, Superintendent

Robert Wilson, Director of Operations

Carol Slocombe, Director of Funded Programs

Ilene Friedman, Director of Choice and Parent Education

Community School District 6

Alan Godlewicz, Director of Operations

Community School District 9

Maria Santory Guasp, Superintendent

Vincent Clark, Director of Operations

Community School District 13

Dr. Lester W. Young, Jr., Superintendent

Yvette Douglass, Deputy Superintendent

Efrain Villafane, Director of Operations

Community School District 19

Robert E. Riccobono, Superintendent

Magda Dekki, Director of Operations

Community School District 20

Vincent Grippo, Superintendent

Mark Gullo, Director of Operations

Community School District 22

John T. Comer, Superintendent

Robert Radday, Deputy Superintendent

Jerry Schondorf, Director of Operations

Kathy Rosenfeld, Facilitator for School Based Planning

Community School District 30

William Barrish, Director of Operations

Glenn Granat, Director of Curriculum

Robert Colasuonno, Business Manager

Queens High Schools

John W. Lee, Superintendent

Rowena Karsh, Deputy Superintendent

Marty Blum, Director of Operations

Brooklyn High Schools

Joyce R. Coppin, Superintendent

Patricia J. Kobetts, Deputy Superintendent

Don Roth, Director of Operations

Connie Cuttle, School Leadership Team Facilitator

Observations conducted between February and August 1999: seventeen district-level meetings included SLT and Galaxy training sessions, budget and CEP workshops, and allocation issuance conferences.

Document collection: included budget documents and CEPs/DCEPs for districts and schools, as well as materials relating to district-wide trainings, retreats and district leadership team meetings.

School Level

Confidential interviews conducted in May and June1999: included eleven interviews with principals in ten PDB and non-PDB schools.

Confidential group interview conducted in May 1999: with 15 teachers serving on school planning teams in three Phase I districts.

Observations conducted between March and June 1999: included 25 school planning team and other meetings, including regularly scheduled meetings, school retreats, and staff and PTA meetings in seven PDB and non-PDB district schools and three PDB high schools.

School information forms collected in January 1999: from 36 Phase I schools and 4 control schools in the survey pool.

Document collection: included attendance sheets, minutes, agendas and other materials documenting the work of their school planning teams from nine PDB and non-PDB schools.

Surveys: Self-administered surveys, designed to collect information about PDB activities during the 1998-99 school year, were mailed in April 1999 to principals and the selected teachers and parents in the 36 Phase I PDB schools and four non-PDB schools in the survey pool. Recipients included at least three individuals from each school: the principal, the UFT representative and the PA/PTA president. Three additional teachers and one additional parent, based on names supplied by the School Information Form, were also mailed surveys.[72]

	PDB			*Non-PDB*			*High School*		
	# mailed	*# returned*	*% returned*	*# mailed*	*# returned*	*% returned*	*# mailed*	*# returned*	*% returned*
1997-98 parents	40	19	48%	8	2	25%	22	10	45%
1997-98 teachers	69	51	74%	16	10	63%	42	23	55%
1997-98 principals	23	17	74%	4	4	100%	13	11	85%
1997-98 Total	132	87	66%	28	16	57%	77	44	57%
1998-99 parents	43	21	49%	8	5	63%	21	9	43%
1998-99 teachers	77	54	70%	16	11	69%	43	28	65%
1998-99 principals	23	20	87%	4	4	100%	13	13	100%
1998-99 Total	143	95	66%	28	20	71%	77	49	64%

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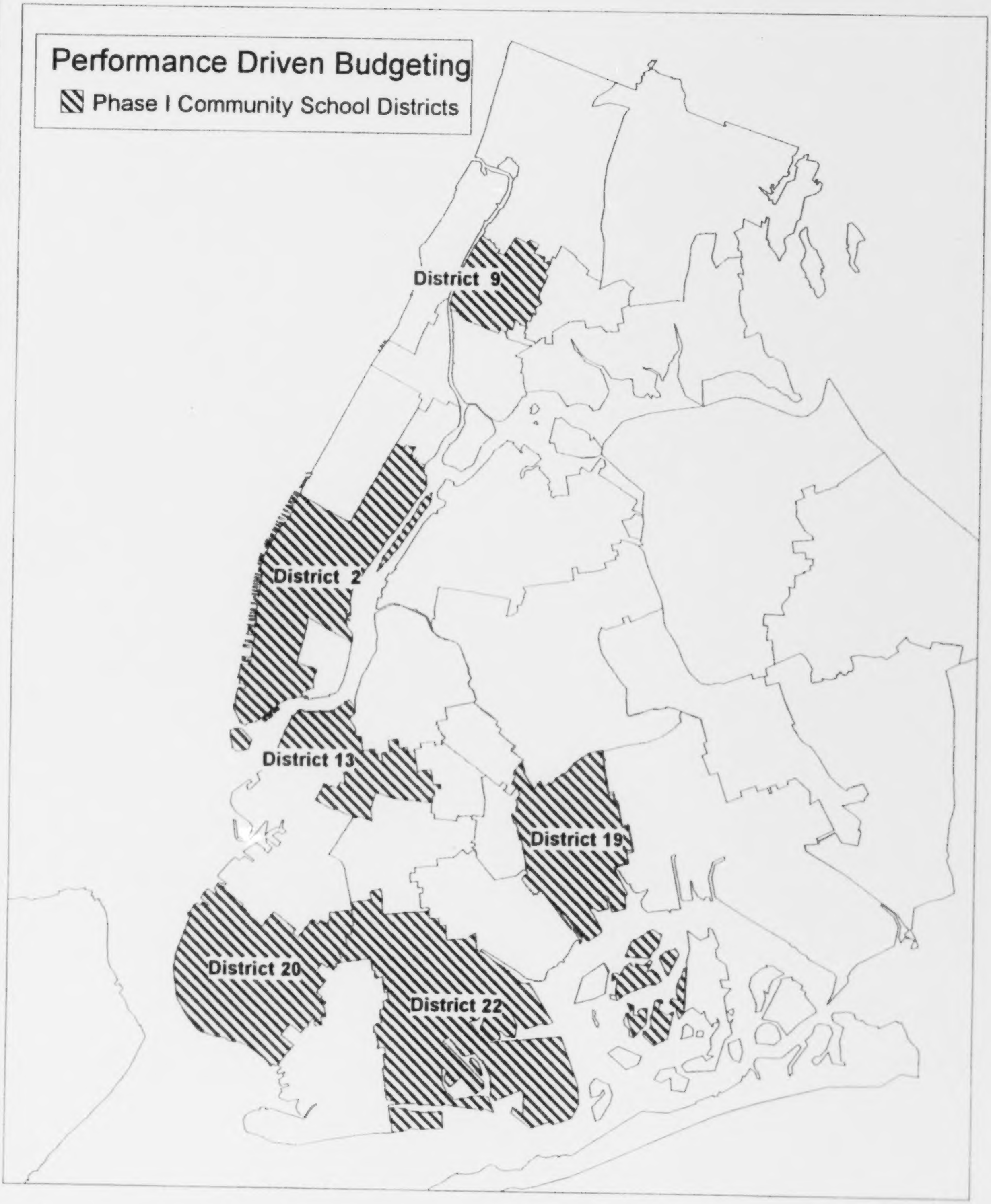
[72] In 1997-98, we created a survey pool consisting of all seven Phase I schools from District 13, all four Phase I schools from District 19, six of the Phase I schools in District 2, six of the Phase I schools in District 22, and all thirteen Phase I high schools. There were no schools from Districts 9 and 20 in the pool. Four schools from non-PDB districts were also in the pool. The principals of these schools were asked to provide the name and constituent group of each member of the school's planning team. Surveys were sent to personnel in all 40 schools in 1997-98, and again in 1998-99.]


Performance Driven Budgeting
▨ Phase I Community School Districts
District 9
District 2
District 13
District 19
District 20
District 22

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